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REVIEW OF 1985 U.S. GOVERNMENT NONPROLIFERATION ACTIVITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND GOVERNMENT PROCESSES

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

APRIL 10, 1986

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REVIEW OF 1985 U.S. GOVERNMENT NONPROLIFERATION ACTIVITIES

THURSDAY, APRIL 10, 1986

U.S. SENATE,
SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND GOVERNMENT PROCESSES,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The subcommittee met at 2:10 p.m., in room SD-342, Dirksen Senate Office Building, Hon. Thad Cochran (chairman of the subcommittee) presiding.

Present: Senators Cochran and Glenn.

OPENING STATEMENT OF SENATOR COCHRAN

Senator COCHRAN. The subcommittee will please come to order. Today, our subcommittee will hear testimony concerning the activities of our Government during the past year to discourage the spread of nuclear weapons. At a hearing held on November 20, 1985, the subcommittee reviewed the successful Third Review Conference on the Nonproliferation Treaty and the subsequent 29th regular session of the General Conference of the International Atomic Energy Agency [IAEA].

The results of these two meetings evidenced a strengthening international commitment to nonproliferation. The constructive outcomes were attributable in no small measure to the diplomatic efforts of the United States, in my judgment.

At the November summit meeting in Geneva, President Reagan and General Secretary Gorbachev continued this momentum, as they noted and reemphasized the longstanding joint commitment of the United States and the Soviet Union.

These achievements have been noted in the President's 1985 Nonproliferation Report to the Congress. Today, we will hear testimony concerning the activities which led to these and other accomplishments. However, we also want to hear how the administration views the prospects for continued U.S. leadership in the nonproliferation area, given the apparent recession in our domestic nuclear industry and proposed reductions in Federal support for nuclear energy research and development programs.

While considerable progress has been made in strengthening the nonproliferation regime, we must always look ahead to ensure that the decisions we make affecting nuclear energy development will contribute to our long-term policies and goals to prevent the further spread of nuclear weapons.

Appearing before the subcommittee today is Mr. Richard T. Kennedy, Ambassador at Large and Special Adviser to the Secretary of State on Nonproliferation Policy and Nuclear Energy Affairs.

Ambassador Kennedy coordinates and directs U.S. nonproliferation efforts and serves as the representative of the United States to the IAEA. He will review the health of the nonproliferation regime, our support for the IAEA, the impact of the U.S. commercial position upon nonproliferation efforts and the coordination of nonproliferation policymaking within the executive branch. We want to welcome Ambassador Kennedy.

We appreciate your presence today and your cooperation with our committee.

I know you have a written statement which we have, and we thank you for that. A complete copy of it will be made a part of the record.[1]

We will invite you to make any summary comments you choose to make.

Before asking you to proceed, though, let me recognize the ranking minority member of the subcommittee, Senator Glenn, for any comments or opening statement he would care to make.

OPENING STATEMENT OF SENATOR GLENN

Senator GLENN. Thank you, Mr. Chairman. I am glad we are having this hearing today, which is a review of 1985 U.S. Government nonproliferation activities. This is the first broad review of such activities by the subcommittee held in the 99th Congress.

I would like to offer a personal perspective of the administration's policies in this area over the past 5 years.

I know some of this will not be complimentary, but I will say, in all fairness, I was critical of what happened in the last administration also, when we had taken some action here in the Congress, and I felt that it was not carried out necessarily in the way that was intended. Ambassador Kennedy, who is our only witness today, has been a principal architect of administration policy. I don't know whether, Dick, you were on the transition team for the administration here. Were you on the transition team?

Ambassador KENNEDY. Yes.

Senator GLENN. He was on the transition team, and he has been the chief administration policymaker in this area. So I think it is fair to look back a little bit at that transition team document as containing some of the things that the administration wanted to do in this field.

What did that document say? Well, it advocated, in essence, that we return to the sixties and proposed a series of major changes of U.S. nonproliferation laws and policies. These included repeal of the NNPA's prohibition on exporting nuclear fuel and reactors to nations refusing to accept IAEA safeguards on all their nuclear facilities. That effort was subsequently abandoned. Also, the elimination or easing of restrictions on national and international commerce in production and use of plutonium.

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[1] See p. 32.

Subsequent to that transition document, followup documents were drafted detailing such policy changes. These documents inevitably found their way out into the public hands and into the hands of Congress, and I think it would be fair to say that there was something of a political earthquake at that point. The administration policymakers withdrew into their shells, and I think a new strategy was adopted. I think that has been followed to this day, because recognizing that there was going to be a hue and cry against changing existing laws by that approach, I think there has been sort of a back-door approach, including at least faulty interpretations of congressional intent and legislative history, and looking where there can be loopholes used in existing legislation.

I think they have said a lot of nice things about these laws in public, but I think they have been constantly pushing the limits and trying to get around them wherever possible, where the law is the law, but, "We will go a little different direction than the intent was."

Nowhere is this better illustrated than in the administration's analysis of the timely warning criteria in the NNPA for approving reprocessing requests or the return of plutonium and in the administration's equally twisted argument, as I see it, that the legislative history of the NNPA supports the signing of 30-year agreements for cooperation containing generic approvals for reprocessing within them.

These are not only transgressions against history. As far as I am concerned, they are transgressions against common sense. They have been committed by this administration in the name of nonproliferation.

In other words, the administration has tried to get around some of these restrictions and what is the law, as I see it, rather than going ahead and trying to carry out the letter and the spirit of the law.

A couple of examples: There was the announced policy of supporting full scope safeguards for nonweapon states on the one hand while arranging for alternative suppliers to substitute for the United States in providing fuel to three key nations affected by the NNPA's full scope safeguards provisions, namely in Brazil, South Africa, and India.

There was also the attempt to completely scuttle the Glenn-Symington amendment barring economic assistance to countries engaged in activities relating to the production of bombmaking material. The Congress managed to avert this disastrous outcome by granting a 6-year waiver of the law so Pakistan could receive some military assistance in the wake of the Afghan conflict, but the administration, stating its assistance would be used as a lever to redirect an apparent weapons building program by Pakistan, failed to receive the ironclad assurances that many assumed would come once the aid package was approved. The administration's package on Pakistan has now produced a situation where we have given President Zia the delivery of F-16's, a United States made delivery system, if he wants it, for nuclear weapons, without having received any assurances about the bomb itself.

Let us make no mistake about the consequences of a Pakistani bomb. An Indian nuclear weapons program of considerable magnitude is probably going to be the sequel.

Finally, there is what some in the administration looked at or talked about as their crowning nonproliferation achievement so far, and that is the agreement with the People's Republic of China, that undermines the NPT by exacerbating the tension between states and nonweapon states built into the treaty. The agreement flies in the face of the final declaration of the recent NPT Review Conference which stated that the peaceful nuclear activities of both weapon and nonweapon states should come under safeguards. By signing an agreement with China that provides for no safeguards on nuclear transfers to China and by insisting, as it must, that there nonetheless will be effective arrangements for verification of peaceful uses, the administration, it seems to me, just sends a message to those states in the Third World who vociferously claim that safeguards are too intrusive or too expensive and that they have been right all along.

So it may be that rather than achieving an advance in nonproliferation through this agreement, we have simply taken some unjustified grave risks and are exacerbating concern about the NPT and the safeguard system, all because there have been visions of some of this new business activity that our reactor venders could have, visions which, according to the latest reports, are unlikely to come to pass in any case. In fact, a recent indication in the paper is that China may be heading in a different direction now.

Finally, there is the administration's refusal to even discuss the subject of a comprehensive test ban of the Soviets. That has been on and off so many times. A recent publication by the Council on Foreign Relations entitled "Blocking the Spread of Nuclear Weapons," states as one of its conclusions, I quote, "A comprehensive test ban treaty could make a significant contribution to containing proliferation."

We haven't entered into negotiations with the Soviets that could lead to a CTB treaty. I think if we don't do that, we miss a unique opportunity to greatly raise the political barriers for proliferation. I am not talking about just banning testing that has been proposed back and forth by the Soviets, but I am talking about a long-term comprehensive test ban treaty that would involve not only ourselves and the Soviet Union, but perhaps other nations, too.

I don't want to leave the impression that the Reagan administration record is one of unrelieved gloom. There have been some successes. For example, the extension of the trigger list; the moderation in the debate at the IAEA over the issue of Israel; and the realization of the Carter administration's initiative to cancel the Clinch River project and restructure the Breeder Research Program. These successes by the administration have been overwhelmed by what I see as missed opportunities on some of the starts we made back in the mid-seventies in this nonproliferation era.

I have no doubt that Ambassador Kennedy, who is certainly a very able spokesman for the administration and experienced in this field, will wish to add to the list of successes that I have mentioned here and will probably disagree with at least some of my as-

sessment of the administration's record. He is our witness today, and I thought it was important in setting the stage here that an alternative view of that record be presented at the opening of this hearing. I look forward, Mr. Chairman, to hearing Ambassador Kennedy's remarks.

Senator COCHRAN. Thank you, Senator.

Ambassador Kennedy, you may proceed. We would advise you to make summary comments from your written statement so we will have an opportunity for questions after your testimony.

TESTIMONY OF RICHARD T. KENNEDY, AMBASSADOR AT LARGE AND SPECIAL ADVISER TO THE SECRETARY OF STATE ON NONPROLIFERATION AND NUCLEAR ENERGY AFFAIRS

Ambassador KENNEDY. Thank you very much, Senator. I appreciate the opportunity to appear before the committee. I would take the opportunity, if I may, to present some of my prepared testimony, the rest to be included in the record, as you kindly indicated you would do.

If I may, I would refrain from commenting on a number of the matters with which Senator Glenn has noted the administration may have failed. I appreciate his note that in fact, in some cases, we have even been successful. Unfortunately, I noted that in Senator Glenn's view, the equation doesn't quite balance out.

Senator GLENN. That is correct.

Ambassador KENNEDY. I would like, however, to hold my comments on specific notes concerning Senator Glenn's presentation, if I may, Mr. Chairman, until the end of my presentation. A number of the points which he has made, I think, will be addressed in this presentation, and I would also like to address a couple of others.

At the outset, Mr. Chairman, I would like to review very briefly the outline of our policy as it was established by the President early in the administration. The President's policy statement of July 16, 1981, made it clear the administration believes strongly that preventing the spread of nuclear weapons is a fundamental national security objective. The twin goals of our policy are to halt the spread of nuclear weapons and to steer nuclear development toward peaceful applications in power generation, medicine, industry, and agriculture.

With your permission, Mr. Chairman, I would like to include the President's policy statement in the record. Let me note here that the policy statement was issued on July 16, 1981.

That statement represented the result of a long and intensive discussion of a number of ideas that were put forward by the so-called transition team and others. I was not part of the transition team of the Department of State. I headed the transition team for the Nuclear Regulatory Commission. I was consulted from time to time on matters concerning the Department of State and gave some views.

The views of the transition team were a comprehensive review of nonproliferation policy as they saw it and of the effects of the Non-Proliferation Act at that time as they saw it.

The purpose of such a report was, as was in the case of all transition reports in 1981, and as I suspect is the case following all Presi-

dential elections, to present views which the incoming administration might consider as it structures its own programs and structures its organizations for the future. In no sense was the report considered prescriptive or essentially even descriptive of the administration's intentions, only advisory opinions given to the administration. It was in that context that report was reviewed, and as I think the Senator and I have previously discussed, that report did not come to fruition in many, many respects; indeed in most; certainly not in the proposal for eliminating or substantially revising the Non-Proliferation Act.

If I may, now, simply to go on to note that in implementing the President's policy in 1981, we formulated a series of specific objectives. In broad terms, we want to assure that there will be no nuclear explosions by nonnuclear weapon states and no addition to the number of threshold states, that is, countries lacking only a political decision to explode a nuclear device.

We seek both continued, broad, international recognition that proliferation is in no one's interest and support for wider application of IAEA safeguards in countries which have not yet placed all of their nuclear activities in the international safeguards system.

To accomplish these objectives, we have continually sought to get improvements in the IAEA safeguards system and in the delivery of technical assistance in the peaceful uses of nuclear energy in that agency. We have sought to upgrade nuclear export controls to cover new and advanced technologies; reinforce the U.S. reputation for effective cooperation and reliable supply. This was a very important task we had to set for ourselves in 1981 because, by that time, our reputation had sunk throughout the world to a low to which I would hope it would never fall again.

We sought to expand our dialog with non-NPT states and to encourage broadened application of safeguards to their unsafeguarded nuclear facilities.

We sought and continue to seek universal adherence to the NPT, and we encourage all Latin American countries not having done so already to ratify the Treaty of Tlatelolco and to bring it into force. We seek to complete any agreements for peaceful, nuclear cooperation and to amend existing agreements to include the strengthened nonproliferation controls that are called for by the Non-Proliferation Act of 1978. And, last, we have attempted to expand the number and frequency of bilateral discussions with other countries on the strengthening of the nonproliferation regime.

There have been four basic areas in which we focused: Multilateral efforts to strengthen the international regime, including the NPT and the IAEA; the negotiation and renegotiation of agreements for peaceful cooperation; supplier cooperation, including technical efforts to improve export controls; and our efforts with non-NPT countries

Let me review briefly the administration's specific achievements in that light. For a more detailed account, I would refer you, Mr. Chairman, to the President's annual report to which you referred in your opening remarks.

In the multilateral area, efforts are continuing to strengthen the international nonproliferation regime. There have been two noteworthy developments, we believe, in the last year.

First, working closely with many other NPT parties, the United States was able to bring off, in conjunction with those other states, a highly successful outcome to the third review conference to which you referred.

Second, a threat to Israel's rights and privileges as a member of the IAEA, an issue which has plagued that institution's general conference ever since 1981, was turned aside at last year's general conference.

The NPT review conference emphatically reaffirmed the support of the parties to the treaty and their belief in its importance to international peace and security. The success of that conference provides a very effective foundation for what is the most widely adhered to arms control agreement in history.

In addition to the success of the review conference, the NPT, in 1985, drew additional strength from the adherence of eight new members. Of particular note among these is North Korea, whose adherence will help ensure that the nuclear issue does not contribute to further tension on the Korean peninsula. With the addition of Colombia and Malawi in 1986, the total number of treaty parties is now 133.

The second positive multilateral development in 1985 came in the IAEA, as I mentioned. Since 1957, with the establishment of that organization, every administration has worked to strengthen the agency, and, as noted above, President Reagan pledged continued strong support of the IAEA shortly after his election. Part of this support means steadfastly resisting the introduction of extraneous, political issues into the workings of this essentially technical agency.

This past September, the general conference of the IAEA rejected efforts to seek sanctions against Israel for its 1981 attack on the Osirak research reactor in Iraq, approving, instead, a resolution which affirmed that Israel had fully responded to earlier resolutions calling upon it not to attack or threaten to attack peaceful nuclear facilities. Thus, in 1985, the general conference, in essence, concluded the debate on this issue, and we hope that the issue will not reemerge.

Mr. Chairman, you asked that I address in my testimony U.S. support for the IAEA and the impact of that support on our nonproliferation influence. As the U.S. representative to the IAEA and the U.S. governor on its board, I can confirm that our support for the agency, both as to its safeguards and its technical assistance functions, remains strong and unwavering. This is a key part of our nonproliferation policy and has been repeatedly reaffirmed by the President and by the Secretary of State.

Our commitment to effective application of international safeguards is based on a recognition that the IAEA system provides the necessary confidence that a country is carrying out its nonproliferation obligations. Our assistance to safeguards is focused on providing adequate trained personnel and equipment which are required to apply adequate safeguards. We cannot allow inspection capabilities to be outpaced by advancing technology and thus, much of our work is aimed at safeguards application on advanced nuclear technologies.

As to technical cooperation, we contribute to the IAEA's technical assistance and cooperation fund as well as provide in-kind technical cooperation to serve the needs of many members, particularly developing country members providing help to them in nuclear applications in medicine, agriculture, and basic industry.

The United States is also a key participant in the Committee on Assurances of Supply, another major multilateral effort. This committee was established by the IAEA in 1980, following the international fuel-cycle evaluation. Our effort in this committee has been to develop principles which would assure recipient countries reliable access to nuclear technology, while reaffirming the necessity of international nonproliferation assurances as a basis for such supply.

The United States also has been a key participant in preparations for the U.S. Conference on the Peaceful Uses of Nuclear Energy, which is scheduled for March of next year. The United States and other Western countries have expressed support for such a conference, particularly one which focuses on the various technical applications of peaceful nuclear technology which are most relevant to the needs of developing countries. As in the Committee on Assurances and Supply, we have insisted that nonproliferation concerns be clearly taken into account, and we will continue to do so.

Section 404 of the Non-Proliferation Act required that the United States initiate a program to renegotiate existing agreements for peaceful nuclear cooperation in order to incorporate the additional nonproliferation undertakings which are required by the law in new agreements.

Since the Non-Proliferation Act was enacted in 1978, the U.S. Government has negotiated or renegotiated 13 agreements meeting all of the requirements of that act.

As to the renegotiation of existing agreements, our major efforts have focused on continuing discussions with Japan and Euratom. Euratom states, of course, are representing all the states of the European Community. This undertaking is in direct response to the Non-Proliferation Act's requirement that the President initiate a program to renegotiate agreements for cooperation in effect when the Non-Proliferation Act was enacted to incorporate all the undertakings required for new agreements. In this context, and that is the context of incorporating all of the undertakings required by the law for new agreements, we have offered to Japan and Euratom consideration of long-term arrangements concerning their reprocessing and plutonium use.

We have made this offer for facilities which we determine meet the requirements of U.S. law. Since the offer is in the context of seeking a new or amended agreement, the law requires that the President must determine in writing that the proposal will promote and not constitute an unreasonable risk to the common defense and security.

In addition, since the advance-consent arrangement will involve reprocessing and plutonium transfers, we will also determine, before entering into such an arrangement, that our approval will not result in a significant increase in the risk of proliferation. In

this regard, we will give foremost consideration to timely warning, as required by the law.

Our negotiations with Japan achieved considerable progress in 1985. I met personally on a number of occasions with my Japanese counterpart, while technical working groups also met to discuss such issues as safeguards and physical security. Our efforts culminated in the Japanese decision announced publicly last December to negotiate an agreement with the United States that meets all of the requirements of the United States law. We also have continued to pursue discussions with Euratom and have taken the opportunity in that case to explain in detail the requirements of U.S. law; the value of a renegotiated agreement for cooperation; and our intention to develop a reliable supply basis with Euratom which does not conflict with the European Community's long-term intentions to pursue advanced nuclear technology.

In addition to these particular agreements, we recently concluded, also, Mr. Chairman, the agreement for cooperation with Finland, and we have undertaken preliminary discussions with Switzerland regarding the renegotiation of the United States-Swiss agreement for cooperation.

For more than a decade, the United States has, together with other nuclear suppliers, worked to develop a supplier consensus on nuclear export conditions and controls. This effort has been remarkably successful in encouraging restraint in the transfer of sensitive technologies, broadening the scope of items whose export requires IAEA safeguards, and in dealing with particular problem countries.

We have, consistent with the President's initiative on comprehensive safeguards, urged other suppliers to make comprehensive safeguards a condition for significant new supply commitments to nonnuclear weapon states. We are increasing the number of countries with which we regularly conduct bilateral discussions on this and on a wide variety of nonproliferation matters.

These consultations have enabled us to maintain a dialog in which problems can be identified along with proposed courses of action with them. In this regard, we counted among our major accomplishments the establishment of regularly scheduled nonproliferation, bilateral consultations with the Soviet Union. We met twice with the Soviets in 1985, once in Helsinki and once in Washington. Our next meeting is scheduled for early June in Moscow, and we plan to continue to meet twice yearly thereafter.

Nonproliferation is one of the areas where we and the Soviet Union have interests that run parallel and frequently coincide. The joint statement issued by President Reagan and General Secretary Gorbachev at the close of their 1985 summit underscored this very point. In that statement, both leaders reaffirmed their nation's commitment to the NPT; their intention to continue promoting and strengthening the IAEA and, more generally, their mutual interest in strengthening, together with other countries, the nonproliferation regime.

With your permission, Mr. Chairman, I would like to insert for the record the joint statement that was issued by the General Secretary and President Reagan.

Senator COCHRAN. Without objection, it will be included in the record.

[The joint statement of President Reagan and General Secretary Gorbachev referred to follows:]

NUCLEAR NON-PROLIFERATION

General Secretary Gorbachev and President Reagan reaffirmed the commitment of the USSR and the U.S. to the Treaty on the Non-Proliferation of Nuclear Weapons and their interest in strengthening together with other countries the non-proliferation regime, and in further enhancing the effectiveness of the Treaty, inter alia by enlarging its membership.

They note with satisfaction the overall positive results of the recent Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons.

The USSR and the U.S. reaffirm their commitment, assumed by them under the Treaty on the Non-Proliferation of Nuclear Weapons, to pursue negotiations in good faith on matters of nuclear arms limitation and disarmament in accordance with Article VI of the Treaty.

The two sides plan to continue to promote the strengthening of the International Atomic Energy Agency and to support the activities of the Agency in implementing safeguards as well as in promoting the peaceful uses of nuclear energy.

They view positively the practice of regular Soviet-United States consultations on non-proliferation of nuclear weapons which have been businesslike and constructive and express their intent to continue this practice in the future.

Ambassador KENNEDY. As I review this record in enhancing the supplier export control process, I must also call attention, Mr. Chairman, to an issue that will grow in importance, that is, how to integrate newly emerging suppliers into the framework of policy norms and export controls, to which the established suppliers adhere. I would note that Argentina has declared that it will require IAEA safeguards on its nuclear exports. South Africa has stated that it will follow the London Supplier Guidelines in its export policy.

China, too, has announced that it is requiring IAEA safeguards on its nuclear exports. We will continue our bilateral efforts in 1986 and encourage other suppliers to engage in similar efforts with emerging suppliers.

We continue our efforts to restore a dialog on the benefits of a strong nonproliferation regime with non-NPT parties who have developed significant nuclear programs.

In the case of Latin America, we have conducted intensive discussions with the Governments of Brazil and Argentina in an effort to develop a closer relationship in the areas of safeguards and nonsensitive peaceful nuclear cooperation, while attempting to reach a better understanding of the importance of nonproliferation generally. Both countries have significant nuclear programs and are attempting to develop an advanced industrial capacity across the entire nuclear fuel cycle. We believe, however, that there is an increased sensitivity on their part to international nonproliferation concerns.

We continue to urge both Brazil and Argentina to bring the Treaty of Tlatelolco into force and to place all of their nuclear facilities under IAEA safeguards. We are gratified by the assurances of both countries that their nuclear programs are devoted to peaceful uses. Particularly, we have followed closely developments pursuant to the very important announcement by Presidents Alfonsin and Sarney at Iguazu Falls last November. At that time, they an-

nounced that a joint working group would be formed to discuss nuclear cooperation and mutual confidence-building measures in the nuclear area. We understand that those discussions have started, and we look forward to the outcome of those talks.

We continue to urge Israel and South Africa to adhere to the NPT. We are pleased that South Africa is continuing its discussions with the IAEA regarding safeguards on its new semicommercial enrichment facility. We are also pleased that South Africa continues to apply IAEA safeguards on its nuclear exports and is abiding by the London Supplier Guidelines in respect to exports.

My review of nonproliferation policy would not be complete without a brief discussion of the situation in South Asia. While President Zia and Prime Minister Junejo have publicly made assurances regarding the peaceful nature of Pakistan's nuclear program, we have continued to convey to the Pakistan Government on numerous occasions and at the highest levels our concerns about unsafeguarded nuclear activities in that country.

We have made it clear that the Pakistani nuclear restraint is essential to our ability and our desire to provide security assistance. As the President certified to the Congress last fall, we do not believe that Pakistan possesses a nuclear device. We are convinced, as well, that our program of security assistance has contributed and will contribute significantly to reducing that risk.

Let me add here, Mr. Chairman, President Zia has, in fact, given the most unequivocal assurances on the question of a nuclear explosives program. He has stated there will be no such explosives program completed and that he understands fully the concerns which we have expressed to him and respects those concerns.

Mr. Chairman, we also recognize, however, that the nuclear issue in South Asia has a significant regional dimension. Just as we have been very clear in Islamabad about our concerns over Pakistan's nuclear program, so we also expressed our concern in New Delhi over India's largely unsafeguarded nuclear program and its steady expansion. We continue to urge both Pakistan and India to join the NPT or otherwise accept full-scope safeguards.

In a more fundamental sense, the most promising prospect for a lasting solution to the South Asia nuclear issue lies in a dialog between India and Pakistan leading to significant nonproliferation steps by both, and in an overall reduction of Indo-Pakistan tensions.

In this connection, we welcomed as a very useful first step, President Zia's and Prime Minister Gandhi's agreement in principle last December not to attack each other's nuclear facilities. We have urged both sides to follow up with additional measures.

You asked, Mr. Chairman, that I comment on the nonproliferation policy process. Nonproliferation policy in this Government is carried out not just by the Department of State but also by other parts of the executive branch, including the National Security Council staff, the Arms Control and Disarmament Agency, and the Departments of Energy, Commerce and Defense. The Nuclear Regulatory Commission also plays a key role in its review of nuclear export licenses pursuant to the Atomic Energy Act. Each of these agencies operates pursuant to U.S. law and the nonproliferation policy framework which was established by the President in his

1981 statement. Each agency clearly has an important role, and all are committed to the objective of halting the spread of nuclear explosives.

As to my own role, Mr. Chairman, the announcement by the President of my nomination to be Ambassador at Large stated that the Ambassador at Large would "coordinate and direct U.S. nonproliferation efforts" as you earlier noted.

The President's decision was designed to bring our nonproliferation efforts into sharper focus, ensuring the high level attention and action which this vital goal demands.

You asked, Mr. Chairman, whether there were any problems in this process which might affect our Government's effectiveness in the international nonproliferation regime. The answer is no. Each agency fully understands the nature of its own role in carrying out U.S. law and implementing the President's nonproliferation policy. While there are sometimes differences of view on how best to implement that policy, there are interagency mechanisms for resolving those differences and concentrating all of our efforts on our overall objectives.

Finally, Mr. Chairman, you asked me to comment on the condition of the U.S. nuclear industry and the impact of that condition on our nonproliferation influence with other nations. We have always sought ways to ensure that our nuclear supply policies contributed to the development of a sound nonproliferation policy. As President Reagan observed in his 1981 statement,[1] and I quote:

> The United States will cooperate with other nations in the peaceful uses of nuclear energy. To carry out these policies, I am instructing the Secretary of State, working with the other responsible agencies, to give priority attention to efforts to reestablish a leadership role for the United States in international nuclear affairs.

It is critical for reestablishing such a leadership role that the United States be seen as a predictable and reliable supplier of nuclear materials, equipment, and technology. I would add not just to be seen, but be shown to be. As I have said in previous hearings, with more and more nations embarking on civilian nuclear power programs, it is essential that the United States and other countries adopt policies that do not inhibit the legitimate peaceful uses of nuclear energy under stringent and effective nonproliferation controls.

At this time, there are a relative handful of opportunities for significant nuclear exports, such as nuclear power reactors. The American nuclear industry is facing stiff competition for those few opportunities. Nonetheless, American technology is well known as among the best in the world, if not the best, and is highly sought after by many countries.

Technical assistance from American companies continues to be pursued and sought by other countries, and I am confident that, in the long run, the influence derived from our technical and industrial leadership will continue to be a key part and basis for our nonproliferation influence.

I wanted to stress here, though, Mr. Chairman, as I have stressed on many previous occasions, that the United States has never and

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[1] See p. 57.

will never sacrifice its nonproliferation principles for commercial gain or economic advantage. We have set this high standard for our own conduct, and we believe it should be the universal norm.

Mr. Chairman, that concludes my formal statement. I would appreciate it, sir, at this point, if I could also request that I be allowed to incorporate in the record a statement made by Secretary Shultz before the United Nations Association in New York on the nonproliferation efforts of the administration.[1]

Senator COCHRAN. That seems to be an appropriate item to have included in the record, and it will be incorporated in the record in full.

Ambassador KENNEDY. I hope that I have addressed, Mr. Chairman, at least briefly, all the questions you raised, and I will be pleased to address any questions which you or the committee might wish to address. Thank you.

Senator COCHRAN. Thank you, Ambassador Kennedy. It is a pleasure to have you before the subcommittee, and we appreciate your efforts to compile this report on the status of our nonproliferation efforts as a government.

Let me ask you this: I know that we are confronted with constraints on the budget, and there are pressures to reduce spending. Inevitably, there are going to be some reductions made in, I suppose, all areas of the budget, general categories of spending. To what extent, in your judgment, would cutbacks in support for the IAEA and other international organizations have on our ability to help influence policy in this very important area?

Ambassador KENNEDY. Mr. Chairman, thank you. I don't want to comment on all international organizations. I think one has to look at each one on its merits. I think, obviously, all participation in such institutions has to be based upon whether we perceive the institution as being an institution which, indeed, serves the interests not only of the United States but, of course, of the world in general; and that, in fact, its principles are those which are compatible with our own.

By the same token, I think it is extremely important to recall our view of the International Atomic Energy Agency. I suppose I would be considered immodest, since it is an agency in which I have a more than passing direct interest, to suggest that we think of it, as if not the best managed institution in the U.N. system, certainly in the very front rank of such highly capable institutions. For that reason, were we to suffer significant reductions, I think it would be very, very serious. I think it would be a mistake.

Let me point out that for at least the past 3 years that agency has worked with a zero real-growth budget at a time, indeed, when safeguards requirements have been growing. They have met those requirements and they have done it by readdressing, rearranging resources; increasing efficiency in the use of those resources; innovative approaches to the problem, and safeguards improvements have been made at no major additional cost.

It is clear that that can't go on very much longer, Mr. Chairman. So I would say that major reductions here could have serious ef-

[1] See p. 59.

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fects on our own objectives. I would also note that as far as the IAEA is considered, the Department at least is looking very hard at the relative priorities for resources among agencies in the international realm and that the resources will not be just automatically distributed, but, rather, distributed to the agencies which most serve interests which are compatible with our own.

Senator COCHRAN. In the same line of thought, to what extent do you think our restructuring of the Breeder Reactor Program, the cutback in civil R&D in the nuclear power area in the Department of Energy and other activities of that kind will have a negative impact on the ability of the United States to continue to assert a leadership role or be a leader in the nuclear area, generally, nonproliferation included?

Ambassador KENNEDY. Without reference to specific budgetary impacts, let me, if I may, Mr. Chairman, answer that question in a more general sense first.

Both the breeder reactor program and nuclear research, in general, that is, nuclear research into peaceful uses of nuclear energy, are important measures of the United States' effort and interest in the area, and they are, in a sense, measures of our leadership. We have always been in the forefront of the nuclear energy development. It is important, in my judgment, that we stay there, for it is important that people look to us for guidance and for wisdom in the area, and I think they have, in the past.

But I must say that we no longer, by any means, have the monopoly that we once had. There are many others out there, and countries are gradually looking to us less and looking elsewhere.

I think that is unfortunate, because with it comes a reduction in our ability to influence the programs that we would like to see influenced. It is the old story, if you can't be part of the game, it is awfully hard, sometimes, to set some of its rules. In that connection, I would also add that if we lose the leadership role—and I don't think that is necessary, I think we can continue it, but we have to work at it—if we lose the leadership role we once had, our ability to develop and extend the nonproliferation regime that we believe is important, and rightfully so, is going to be diminished substantially. That concerns me greatly.

Senator COCHRAN. In the area of export, you mentioned in your statement toward the end of your remarks that there are a relative handful of opportunities for significant nuclear exports; it is not an area, as you suggest, with an abundant amount of opportunities. But in spite of that, isn't it true that the United States is one of only a few nations which require a nonweapons state to accept comprehensive or full scope safeguards as a condition for nuclear trade?

Ambassador KENNEDY. That is correct, Senator, but let me say that I wouldn't have it any other way.

Senator COCHRAN. I wouldn't, either, but let me ask you this. Why have other suppliers not followed suit?

Ambassador KENNEDY. I think there are a variety of reasons. Before I comment further on that, let me say that we think that we have been seeing, over time, a gradual movement in that direction. We think it is going to be achieved, but it is going to take some time. One of the reasons, I think, that they are reticent to do

this is that they are trying to balance some other political as well as economic and commercial interests against what they see as an ultimate, desirable goal.

They are trying to do this, recognizing that many of them have most important commercial and political interests in the Third World. In many cases developing countries see the formation, for example, of the London Suppliers Group to be a kind of suppliers cartel aimed at restricting the development of the nuclear capabilities, that is, the peaceful, nuclear capabilities of these developing countries.

Now, I don't believe that to be the case. Indeed, I think it can be clearly stated that it is not. Nonetheless, that was the perception, and many or at least some of the suppliers are concerned that they not be tarred with that brush. However, they are trying to balance that and move gradually in the direction that we see.

Senator COCHRAN. We know that there are still some countries, unfortunately, which have not signed the Non-Proliferation Treaty. Let me ask you if you know whether China was ever asked to join the NPT as a condition to her nuclear cooperation with the United States? If not, why not?

Ambassador KENNEDY. We, of course, raised the question of NPT adherence with China. The Chinese view of the NPT is that of several other countries: That, in fact, they consider it to be discriminatory in that it allows the nuclear weapons states to retain their weapons programs while at the same time requiring others to forgo any such thing.

Now, we all understand that there is at least some measure of, I think I would call it sophistry in this. They argue, too, that the Non-Proliferation Treaty was, in a sense, aimed at them. This, I also think, is interesting but incorrect.

But nonetheless, that is the view which they expressed. As a practical matter, the important thing about the Chinese situation was that they have now announced that they are going to make a voluntary offer of safeguards to the IAEA in precisely the same way that all other nuclear weapon states have now given. The Soviet Union just did so a couple of years ago and has just now brought that into force with the IAEA. We were among the first. Others, of course, are the French, the British.

The Chinese had announced this, and they have informed me that, indeed, they plan to have something before the IAEA in a very short time, probably within a matter of months. The proposal which they will make is one they anticipate will be—given their knowledge of all the other voluntary offers of nuclear weapon states—negotiable with the IAEA. That is a very important step, Mr. Chairman.

Senator COCHRAN. Indeed, I agree. When will the President submit to Congress the required certifications that are a precondition to approval of pending Chinese applications for nuclear exports?

Ambassador KENNEDY. We, of course, will not do that until such time as we have worked out all of the arrangements which are necessary under article 8 of the agreement. We would hope that would be in the not too distant future. The requirements must be in accord with the congressional resolution on the subject. Those ar-

rangements must be adequate to ensure against the misuse of material provided under the agreement. Those proposals, suggestions, our own conception of how to do that, have been put before the Chinese, and we are asking now that the Chinese respond to them. They have indicated to us that they have studied them carefully; that they are prepared to and desirous of sitting down and discussing with us.

We have indicated to them that we are prepared to do that but would prefer that we have a response from them in order that we can base our discussion on some firm view before undertaking further discussion.

As soon as those discussions can be completed and we are satisfied that the requirements of the congressional resolution have, in fact, been satisfied, we will make a recommendation to the President. At that point, the President will be in a position to submit a certification to Congress.

Senator COCHRAN. I have one other question, and then I am going to permit Senator Glenn to pursue his questions, and then I will save some of mine for the end if he doesn't cover them. I imagine he will, looking at all the paper he has. [Laughter.]

Senator GLENN. I won't use them all.

Senator COCHRAN. In connection with another concern that I have, and I did indicate that I was interested in this area, and that is how we are organized as a government to both make policy regarding nuclear nonproliferation issues and implement it. You are the spokesman for the administration as the personal representative of the Secretary of State, Ambassador at Large in this area, and I know there are other agencies and departments involved; Commerce, Energy, Defense have a role, together with other agencies. How well are we organized to do this? Is it a workable organization? I am concerned about that.

I hear there is a question about the extent to which the Department of Defense, for instance, is involved in the making of policy and in whether or not our own national security interests are fully considered in the development of nonproliferation positions.

What is your reaction to that?

Ambassador KENNEDY. Mr. Chairman, I would say that I have been interested in the national security business in the United States for about 44 years, and I think I can fairly state that the interests, the national security interests of the United States are well understood by all of the agencies of this Government and that includes, of course, the Department of State, as well as the Department of Defense, the Department of Commerce, the Department of Energy. They are all in the business. They understand what it is, as does the Arms Control Agency.

Every one of them is heard. Every one of them participates in the process. Every one of them has an opportunity to put views forward. Indeed, those views are sought because there can be nothing more serious than the national security of the United States. There are interagency mechanisms, as I suggested in my prepared statement, for resolving differences, but there is no question that everybody's views are heard.

Let me point out that should there be differences of views that are unreconcilable, there are provisions for bringing these matters

before the National Security Council and for a decision ultimately by the President, should it come to that.

In any case, in the day-to-day business, there are already established organizational arrangements codified in Federal regulations for the review of particular situations; for example, export cases, where there may be differing views. This is an interagency mechanism in which all of the agencies are involved and each is afforded the opportunity to review the case, and in such cases, everyone expects that the Department of Defense, particularly, will take into account a particularly focused security viewpoint, as they do.

So that mechanism exists. There is an interdepartmental group, the senior interdepartmental group on nonproliferation. It does not meet frequently, but it is reserved and used for the review of broad issues concerning policy, should those issues have to be resolved in other than the usual interagency mechanisms.

Senator COCHRAN. Thank you very much.

Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman.

Let me get back on that China issue just a little bit, here, just to start out with, since it has already been mentioned. During our debate on the China nuclear agreement here, there was an article in a Chinese newspaper in November of last year which contained the statement made by the personnel in the Ministry of Foreign Affairs, and he says the concerns raised in the United States are groundless.

But then he goes on to say the following, which I thought had some interesting implications. He says, and I quote:

> In the area of nuclear cooperation with other countries, which include France, West Germany, the United States, Brazil, Pakistan, and Japan, these programs are already on-going or under negotiation. They will be limited to peaceful use only. This policy is true today and will be true in the future.

The part of that I find rather interesting is the mention of Pakistan in this connection.

Can you tell us if there is information that China has continued to engage in nuclear cooperation activities with Pakistan following the signing of the United States-China Nuclear Agreement in July of last year?

Ambassador KENNEDY. Let me make two comments. First, there is no secret that the Chinese and the Pakistanis have engaged in nuclear cooperation for many years, and indeed, the Chinese have, as this statement indicates, noted that fact.

I would also note, however, that it was alleged in another article that there was an agreement for nuclear cooperation between China and Pakistan, and both Pakistan and China denied the existence of such an agreement. We have no indication that there is such an agreement.

There has been peaceful cooperation between the two for many years, and we suspect that some kinds of cooperation of this kind may well continue.

I would have to reiterate again, Senator, if I may, to quote the Premier, he has said, on March 14 of this year, again, that China does not assist any other country in the production of nuclear weapons.

Senator GLENN. Could you describe to us what you think the further levels of cooperation will be or what types of cooperation we anticipate between the two subsequent to these agreements, then?

Ambassador KENNEDY. I have no idea, specifically, Senator. But I would, again, add two comments: First, the Chinese have made it absolutely clear that they do not and will not do anything to contribute to the development of nuclear weapons, and by that, let me point out, they have made it absolutely clear to us that when they say nuclear weapons, they are talking about nuclear explosives of any type. They don't distinguish. They have made that point.

Second, to the extent that there is any cooperation, our agreement provides the kind of opportunity for regular bilateral discussions, dialog of the kind which we have sought with so many other countries. It provides a basis for having such a dialog, and we would hope that the evolving relationship would be one of a candor in which we could simply discuss what sorts of cooperation were taking place, just as we do with many other countries.

Senator GLENN. With Dr. A.Q. Khan in Kahuta, Pakistan, there was an interview published in a Pakistani newspaper in March of last year. There was an exchange about who was going to supply what power and what kind of negotiations were underway. Dr. Khan's answer is lengthy, but he said as part of his answer, "China is our friend, and now that it has become a member of the IAEA, we can, according to a pact, join them in building reactors for peaceful purposes."

I don't know what that pact is. Do you know what he is referring to there?

Ambassador KENNEDY. No, sir, I do not. As I said, both the Chinese and Pakistani authorities at the highest levels have indicated there is no agreement for cooperation, in the sense that we have one.

Senator GLENN. Going back just a few years, in September 1982, James Malone, who at that time was U.S. Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, visited Beijing, and in an interview after the visit, he mentioned that China had given Pakistan technical assistance in the area of uranium enrichment technology.

He also said Chinese low-enriched uranium had ended up in South Africa and heavy water in Argentina, all without safeguards. What can you tell us today about what has happened following the signing of the United States-China Nuclear Agreement in July 1985?

Can you tell us for sure that China has not engaged in any nuclear trade involving unsafeguarded materials with Argentina or other countries?

Ambassador KENNEDY. Not to my knowledge, Senator. We have no indication that that has occurred.

Senator GLENN. You have no indication that they have not?

Ambassador KENNEDY. They have not. We have no indications that it has occurred.

Senator GLENN. What monitoring arrangements do you think would be satisfactory in China to justify recommending to the President that he go ahead with the United States-China Nuclear Agreement and give the certification to the Congress.

Ambassador KENNEDY. I am sorry?

Senator GLENN. I am sorry. I am referring to what is required under the joint resolution that we passed here. Before it was signed by the President, of course, before the licensing of any exports to the PRC under the agreement can be made, the President has to certify to the Congress that the reciprocal monitoring arrangements "have been designed to be effective in ensuring that exports shall be solely for intended peaceful purposes."

What monitoring arrangements do you consider to be required to be effective in ensuring that exports are used solely for their stated use?

Ambassador KENNEDY. We have proposed a regime of visits and reporting which we believe meets those requirements.

Senator GLENN. Will they come up to the standards of IAEA safeguards?

Ambassador KENNEDY. They will meet the standard that is required, that is, that they will ensure—I have a copy of the resolution here—that they are designed to be effective in ensuring the peaceful use of U.S.-supplied items.

Moreover, it is to be recalled that the agreement itself provides that shall be the case and that there can be no transfer of the material to other purposes without U.S. consent.

Senator GLENN. That is basically what IAEA provides, right?

Ambassador KENNEDY. No, sir. IAEA provides continuous surveillance on a continuing basis, and for example, cameras and all the rest. We are not proposing that.

Senator GLENN. Have the Chinese refused to accept that type of monitoring in your discussions with them so far?

Ambassador KENNEDY. From any nuclear weapons state, yes, sir.

Senator GLENN. So what we are going ahead with with the Chinese, then, will not be up to normal IAEA standards; is that correct?

Ambassador KENNEDY. Except insofar as their voluntary offer to the IAEA will encompass such things.

Senator GLENN. They haven't said really whether their voluntary offer will cover our sites and our equipment and our technology and all the things that will flow out there from the United States; is that correct?

Ambassador KENNEDY. No, sir, nor have they indicated that they would not, and the question is just precisely what the offer will entail.

Let me point out that the agreement is reciprocal in all respects, and that is, to the extent that the IAEA, to the extent that there is an arrangement which covers all of our material in their voluntary offer, they have the right to expect a similar response in the United States from the IAEA-U.S. voluntary offer.

Senator GLENN. What equipment are we expecting them to ship to the United States that they would come here to inspect?

Ambassador KENNEDY. Who knows? But it might include, for example, natural uranium for enrichment and fuel fabrication, for example. I don't know that. But it could.

It is very difficult to answer questions of that kind in a hypothetical way. We need to know what the precise case would be.

Senator GLENN. I understand that, and I didn't mean to use this hearing to try and conduct our whole debate again over what happened on the floor here last year, but you and I have our decided disagreements on that, as we are both well aware from a number of meetings. I would just urge, once again, on this that I think that we take a great chance in undercutting the NPT, when all the other nations that have signed up or foregone the development of nuclear weapons in exchange for foreign cooperation, when we go to another nation, one of the largest nations in the world, whether it be a nuclear weapon state or not, and go to them with a less stringent requirement for verification and for inspection of American supplied resources, materials, equipment, or whatever.

I know that this is a big advantage to business if we can do this, if the Chinese follow through on this, but it seems to me if we do it in the way in which it was negotiated without following up on this, with getting essentially IAEA type safeguards and rights to visit, that we are undercutting the agreements that we now have with the 133, I believe you said, other nations that have now signed up.

Ambassador KENNEDY. Senator, I understand the point that you are making. Let me simply note, however, that in this connection, we have our visitation rights. The United States will have visitation rights, as part of that the proposals that we have put forward as our view of how article 8 should be implemented to the Chinese. I can assure you that we take a very straightforward view on this subject, we know what the resolution says: We must ensure the peaceful use of U.S. supplied items. We have visitation rights, that is, there will be U.S. personnel visiting, and we have rights to require, as we will, certain reporting, which again, the IAEA would propose.

Senator GLENN. Do we have those visitation rights agreed to now?

Ambassador KENNEDY. No, sir. They have not agreed to the specific arrangements for them yet.

Senator GLENN. I thought that was one of the sticky points. That is one of the bottom lines we will not go below. We will demand visitation rights; is that correct?

Ambassador KENNEDY. That is correct. The agreement provides for such.

Senator GLENN. Good. I hope whoever here today is representing the PRC Embassy notes that and takes it back to them.

Ambassador KENNEDY. It will not be a surprise to them. That was negotiated in the agreement itself, Senator. Let me add, here, however, the important point I was going to make. Not only do we have those important visitation rights and rights to obtain reporting on the material that we provide under the agreement, but as well, there will be, in addition, the effect of the voluntary offer, the Chinese voluntary offer of the IAEA. That will be additional.

Senator GLENN. Let me shift gears to a different part of the world here, the Mideast. A Saudi newspaper on September 11 of last year refers to a report that the Foreign Ministers of three Middle East countries, namely, Syria, Libya, and Iran, discussed in a meeting in Damascus the issue of the Arab nuclear option and the possibility of an Arab possession of nuclear bombs.

Can you tell me anything about whether such a meeting took place and whether that topic was discussed?

Ambassador KENNEDY. I am aware of the newspaper report reported in the FBIS, but we have no information on any details, nor have we any indication or evidence that any action was ever taken following that meeting.

Let me add that of the participants, Syria, Iran, and Libya, of course, are all NPT parties. I do not consider that to be the advertisement for the NPT that we would like to see, but they are NPT parties. We take no comfort from their membership.

Senator GLENN. I know our time is running short here before we are going to have to go vote, but where terrorism is much in the news these days and what we are trying to do about it, one kilogram of plutonium is just about the size of a good-sized golf ball.

That is rather horrendous in its implications, what can happen if we don't make very certain that we have all this stuff under control or that we are not exporting the ability to refine that, to procure or to refine plutonium down to where it could be used in nuclear weapons of a small size.

How much consultation do you do with people that are setting our antiterrorist policy here regarding physical security surrounding transfers of weapons-usable material here and abroad? Is that a major concern?

Ambassador KENNEDY. It is a major concern, of course, Senator, a major concern in the sense that we are focusing on and thinking about the problem. It is not a major concern in the sense that we see an immediate threat. There is always that possibility out there. That is what we are concerned about; that is what we are planning against and thinking about.

Do we consult? Yes, sir, we do. Also, I would add, it is not an issue which is forgotten about in our bilateral consultations.

Senator COCHRAN. Because we have had the second bells sound for this vote, we are going to recess the hearing at this time for the vote. We will return as soon as we can, probably about 10 minutes from now. We will stand in recess.

[Short recess.]

Senator COCHRAN. The subcommittee will please come to order.

Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman.

Mr. Ambassador, on the NPT review conference, let me refer to that for a moment. On page 16 of the final declaration, it stated that: "The conference also recalls that in the final document of the first review conference, the parties expressed a view that the conclusion of a treaty banning all nuclear weapons tests is one of the most important measures to halt the nuclear arms race."

The report stresses the important contributions that the treaty would make for strengthening international barriers for the proliferation of nuclear weapons. It further stresses that: "Adherence to such a treaty by all states would contribute substantially to the full achievement of the nonproliferation objective." Does the administration fully support that statement?

Ambassador KENNEDY. No, sir, and indeed, I believe that at that review conference, there was not a unanimous view expressed

there, if I am correct. It said some nations or most nations or something to that effect.

In any case, our view, the administration's view on a comprehensive test ban has been made clear: It is and remains a long-term goal, and certainly in that context, it is considered a desirable one.

But it does not represent, in the administration's view, the most effective way to arms control at this juncture. The effective way to arms control is by undertaking actual arms control measures; that is, deep, verifiable reductions in the stockpiles of nuclear weapons, and that is what we seek, and that is what we have been after.

Until we can get a verifiable arrangement, however, a test ban could become a very serious problem for this country at some point in time. Moreover, so long as there is not a strong move toward actual major reductions, serious major reductions in the stockpile of nuclear weapons and therefore, so long as the nuclear deterrent is an essential element in this Nation's security and the security of the Western World for the future, so long as that is true, testing will be required to assure that the stockpile we now have, the stockpile for the future will be up to date, will be operable and, thus, the deterrent will, in fact, be an effective one.

Now, that does not go to say, Senator, that, as I said at the outset, the administration does not view the long-term interests to be a comprehensive test ban. It has repeatedly said that is a long-term goal.

Senator GLENN. We have no negotiations going on now to that objective, right?

Ambassador KENNEDY. No, sir, there are none.

Senator GLENN. No. Do you consider the NPT review conference a success? I know it was touted in the paper as a success, and I believe the State Department indicated it was a success, and I find it difficult to think it was much of a success if one of those major tenets of the conference's declaration is rejected by those who attended.

Ambassador KENNEDY. Senator, I think if one looks at the totality of that conference and all of the things that were, in fact agreed—even on CTB, it was not a question of disagreement in principle but only in terms of time and specifics—but if one looks at the totality of the final document emerging from that conference, I think it could be classified as nothing less than a very important success, indeed.

Senator GLENN. I well remember, Mr. Ambassador, though, prior to the conference that there were comments in the paper, we had private conversations also, where some of the, I guess you could say the natives were getting restless. There were comments that some of them might be jumping ship at that conference, in deciding not to, say, stay under NPT restrictions, because they felt they had not been worth it. I think we all breathed a sigh of relief when the conference was over that nobody jumped ship. This is in that same light here.

I don't know if we are not going along with major tenets of the conference here. The next NPT conference is when, 5 years from last summer? I hope we can be as active as possible in seeing that their concerns are addressed in that time.

You referred to President Reagan's urging all nuclear suppliers to agree to require comprehensive safeguards in nonnuclear weapon states as a condition for any new nuclear supply commitment. If the President is that committed, and I don't doubt your word that he is, to full scope safeguards, why is the administration supporting nuclear technology transfers to South Africa and retransfer of heavy water to Argentina, spare parts for India, new fuel supply transfers for Brazil? In each case, we are dealing with a country that does not accept full scope safeguards.

Ambassador KENNEDY. Senator, I don't want to appear to quibble. He said, I think, these——

Senator GLENN. If you disagree with any of those, say so.

Ambassador KENNEDY. I would like to come to each one of them, but I would like to initially point out that the President said "no new significant supply."

Now, let's take each one of the cases.

Senator GLENN. Let's get that straight. What?

Ambassador KENNEDY. He said "no new significant supply." I think that is what the statement said.

Senator GLENN. Let's stop right there. How do you define significant, then?

Ambassador KENNEDY. I wanted to address each of the cases involved. First of all, so far as I know—and may I interrupt to discharge a responsibility much too late and for which I deeply regret? I should have introduced my colleague, Jim Devine, who is Deputy Assistant Secretary of Oceans Environment and Science, Director of the Nuclear Energy Section, both strong arms for me, I might say.

Jim, unless I am mistaken, there have been no technology transfers of which I am aware to South Africa.

Mr. DEVINE. A computer, I think.

Ambassador KENNEDY. For nuclear energy purposes? I am certain it was not nuclear related.

Let me go to the heavy water to Argentina.

Senator GLENN. 140 tons of heavy water to Argentina, I think, would be significant.

Ambassador KENNEDY. That is under safeguards.

Senator GLENN. Argentina doesn't accept full scope safeguards.

Ambassador KENNEDY. No, sir, it does not, but this shipment, this material was under safeguards, is under safeguards, and this shipment, we would certainly not have considered a major new supply commitment, 140 tons of heavy water.

Senator GLENN. Has it been our stated policy that we want comprehensive safeguards?

Ambassador KENNEDY. It is our policy that we want comprehensive safeguards, and indeed, in almost every case, we insist upon it. I would like to go to the other cases that you talked about.

The case of Brazil, new fuel supply? Could I ask for a more precise reference to what it is?

Senator GLENN. We had penalty provisions on the sale from the United States. Did we not help arrange the sale from Europe?

Mr. DEVINE. No.

Senator GLENN. Did we play no part whatsoever in that sale from Europe?

Ambassador KENNEDY. No, sir, not that I am aware of.

Senator GLENN. Did we invoke the penalty provisions?

Ambassador KENNEDY. I can't answer the question. I will get a full report on exactly what occurred in the case, but I am not aware that we had any involvement.

Senator GLENN. I believe the answer is no, we did not have the penalty provisions invoked, I believe. I would appreciate you supplying that for the record, if you will.

Ambassador KENNEDY. I shall.

[The information referred to follows:]

Continued U.S. exports of nuclear fuel to Brazil have been precluded due to the presence in Brazil of certain unsafeguarded nuclear activities. Specifically, U.S. law requires that IAEA safeguards be maintained with respect to all peaceful nuclear activities in non-nuclear weapon states as a condition for the export of source material, special nuclear material, production or utilization facilities, and sensitive nuclear technology to such states. The U.S. was unable to license the export of the first reload of fuel for Brazil's U.S. supplied, safeguarded Angra I power reactor. In October, 1981, we advised Brazil that we would temporarily suspend implementation of Brazil's enrichment services contract with the U.S. Department of Energy. We further advised Brazil that we would not exercise the financial penalties that could be imposed under that contract. Brazil then obtained from another supplier one fuel reload required for operation of the reactor. The United States played no role in helping Brazil arrange to obtain the fuel from the alternative supplier.

Senator GLENN. I have another area here.

Mr. Chairman, I have taken up more than my time.

Senator COCHRAN. I just have a couple of questions to wind up with. I would prefer that you go ahead and complete your line of questioning.

Senator GLENN. This won't take very long here.

On Brazil, in a Brazilian newspaper on August 17, 1985, there was a story quoting Brig. Gen. Hugo de Oliviera-Piva, Director of the Aerospace Technology Center, which is a branch of the ministry of the Air Force, to the effect that Brazil will be able to make the atomic bomb within 5 years.

He stated that the manufacture of nuclear weapons "depends on the political decision to be made by the Federal Government and that the subject is being discussed by the National Security Council." He also said the current President of the Republic has not yet reached any decision.

A year before that, it was stated in the press that Brazil's pilot uranium enrichment plant does not contain more than 20 cascades, making it possible to obtain only a few grams of enriched fuel.

Can you tell us what you know about the Brazilian plan to upgrade their project to the point where they will be able to manufacture enough highly enriched uranium within 5 years so that they could have weapons?

Ambassador KENNEDY. Senator, I will inquire further, but I know of no evidence that comes to mind which would suggest to me that they would be able to do this in 5 years.

Now, that does not go to say that—Brazil, after all, is a highly industrialized country. It has a number of programs. Most of the big facilities are safeguarded. There are smaller research activities and the like which are not. Those are of concern to us, and we make that clear to them, but I would not put those projects—I want to check this out, and I will and submit something for you for

the record—but I would not think those projects would give us any indication that within 5 years, they would be able to do this.

Let me say, moreover, as the general pointed out, that would take a decision to do so. No such decision, so far as we know, has ever been made, and indeed, both Brazil and Argentina have, even very recently, together, stated in the most clear and positive terms that they intend to proceed only on peaceful work in their nuclear programs.

[The information referred to follows:]

We believe that the plant in the project to which you are referring is an FRG supplied facility which is still under development. It is also under IAEA safeguards. It therefore would not be a source for weapons material.

However, the GOB is also engaged in a modest indigenous research program in uranium enrichment. We believe the GOB has made some progress in its research of enrichment by the centrifuge method. It has publicly announced its intention to build a pilot scale enrichment plant. However, the GOB consistently states that it does not intend to build nuclear weapons. In addition, given the present status and pace of this unsafeguarded Brazilian program, we estimate that a five year time frame is unrealistic for production of enough highly enriched uranium to produce a weapon. We would also note that in addition to production of fissile material, many other technical areas must be developed before a weapon could be produced.

We believe that the stated policy of the GOB is important to note. The GOB has consistently said that it has not made a decision to develop a nuclear weapon, and that its nuclear program is solely for peaceful purposes.

Responsible GOB officials have also told us that they believe it contrary to Brazilian security interests to initiate a nuclear competition in Latin America. In addition, we note that development of a nuclear weapon in 5 years would require several billion dollars of investment. Such an investment is almost inconceivable in present economic conditions.

Senator GLENN. What can you tell us about the Pakistani program, the Pakistani efforts to make nuclear weapons? Can you update us on that?

Let me say this in advance of whatever your response may be. There have been reports that they have succeeded in enriching uranium beyond the 5-percent limit. They have gone to as high as 30. It was reported in the press that last December, they bought six flash x-ray machines using dummy companies to disguise the real purchaser. These are used in tests of nuclear weapons.

They have made several attempts in France, Britain, the United States, and West Germany to buy several tons of pure graphite, which is used in research reactors to produce plutonium, or can be.

There is an indication that they may be changing the head of their National Atomic Energy Commission and in the "Foreign Report" of the Economist magazine in August it was stated:

Pakistan has, during the past 9 months, tried to obtain hollow steel spheres, machined to a high standard and a special type of metal plate. Western experts are convinced that the spheres will be used as containers for fissile material. A conventional explosion outside the sphere would create an explosion of the fissile material—highly enriched uranium. The plates are apparently meant to be used in the trigger mechanism. The Pakistanis have also been in the market for maraging steel to be used for centrifuge rotors.

It goes on and on here, a whole series of things that they are still buying, as they have in the past, things to be used in their program there, and it just has a very ominous look to it. What can you tell us about that program?

Ambassador KENNEDY. Let me make a general comment, Senator, which is all I can do in respect to all those specifics, as I am

sure you understand, in this forum. But as a general proposition, as I indicated in my prepared statement, we are concerned about the nature of the Pakistani program. We make that absolutely clear, and they have no misunderstanding on that score at all. They know what our concern is.

Moreover, they are fully aware of the nature and the scope of our position, the most recent one concerning procurement activity. That having been said, there is no doubt that from time to time Pakistan is out in the world marketplace looking to acquire various things which could be used in their nuclear program in various ways.

To the extent that we become aware of any of these activities—and the Pakistanis know this—we go to potential suppliers and inform them of what we understand to be the case and urge them to look into the matter, and if these are materials which could, in some way, be useful for a nuclear explosives program, to take the necessary steps to prevent the exports from occurring.

I would have to say here that we think that by and large there has been an outstanding degree of support around the world for such controls. This is an example of where it really works.

Senator GLENN. Is there any indication that they have enriched as high as 30 percent or enriched beyond the 5 percent that I understand President Zia promised President Reagan that they would not go beyond?

Ambassador KENNEDY. I could not answer that question in this forum, Senator.

Senator GLENN. All right. Thank you.

Ambassador KENNEDY. I do not wish to imply anything by that answer.

Senator GLENN. I understand that. I won't pursue that any further at all here. We can talk about that later.

I had one other question here on the comprehensive test ban, too. There have been six countries, India, Greece, Argentina, Mexico, Tanzania, and Sweden, that have offered to have seismic monitoring stations put on their territory and participate in on-site inspection efforts in the Soviet Union and/or the United States, as I understand it, if necessary, in order to facilitate negotiations between the United States and the Soviet Union regarding a comprehensive test ban treaty.

I would appreciate your comments on this. Is there a possibility here that with that number of nations being involved and being willing to monitor and with the fact that if they were monitoring nations and we included them in the ban on testing that this could be the beginning of a new basis for nonproliferation if we went along that route and involved them in this nontesting process?

Ambassador KENNEDY. I would like to think about that, Senator. I have some reservation about that. I know you are aware of the fact that monitoring does go on, and I am not sure that it has ever had that sort of effect up to now. Let me reiterate, however, our strong conviction that we make this point as clearly as we know how to the Soviet Union, and we are deadly serious: We believe that the way to arms control is to agree on deep, verifiable and equitable reductions, and not trying to find ways around.

Senator GLENN. I agree with that, Mr. Ambassador, 100 percent. I wish we could do that. I wish we could make deep reductions and get agreement to it and monitor it and verify it and all those things that are going to be necessary. But some steps short of that more laudable goal may be necessary as a first step to achieve that, and that is what we are trying to come up with.

Going to a comprehensive test ban, are we at least willing to talk about it, at least willing to negotiate it, which obviously, would require verification on it? I am not going to buy any pig in a poke and trust the Soviets to always operate in our best interests, that is for sure. I led that fight on the SALT II Treaty on the basis that we couldn't verify what the Soviets were doing from here. I have a long history on that one, and I wouldn't buy any pig in a poke from them as any part of the CTB.

But it seems to me that discussing a CTB doesn't hurt, and we might have something good come out of it, particularly when there are a number of nations that are willing to be involved in that process now.

Ambassador KENNEDY. In that connection, Senator, let me just note that in fact, the President has again put forward a proposal to work with the Soviets to develop verification means and to resolve difficulties that may arise in that area as a means of setting the groundwork for discussing this.

Could I add one more point there that I should have mentioned much earlier, something that I think in this field is also a notable event. The Chinese have announced that they will, henceforth, not further test in the atmosphere. They have not signed on to that treaty, but they have announced that that is their policy henceforth, and we think that is a step in the right direction, also.

Senator GLENN. Mr. Chairman, just one comment, and then I will be finished here. I think this whole area of arms control, trying to scale things down and get the nuclear arsenals under control is obviously one that we all share together, whatever our views may be of how we get there and what steps we take. I have talked to a number of scientists over the past year or so with a little different approach to this thing, perhaps, that you might want to consider, and I don't believe you and I have discussed this in the past directly, but it seems to me that when we are out there trying to make all the bean counts out there and make the estimates of numbers of warheads on missiles and things like that, which is really what we are trying to control, overall, that it is almost an impossible task. There are tens of thousands of these things on their side and ours together.

It seems to me maybe somewhere in this process we should consider coming back to where there is a "choke point" of strategic material, whether it is fissile material such as plutonium or such as that, some point where we measure some finite quantity of something here that is essential to letting us measure "bang capacity" on all the missiles.

I don't know, in our consideration on nonproliferation, whether we have considered something like that or setting it up in countries where we would take the three or four or five places where fissile materials are manufactured and get agreement, then, to monitor each other, the Soviet Union and us, monitor each other's

capacity right there. That would give you an estimate of what the "bang capacity" is out here on all these missiles, and then start negotiating down that more measureable amount rather than trying to always keep up with warheads that are getting smaller and smaller and smaller and less verifiable.

I don't know whether in any of your deliberations with these countries you have ever considered that approach or taken that approach. We come back to some "choke point" in the pipeline here, fissile material or some critical element of that or a production element of that, and we monitor those fewer spots to try and give us control of that.

The reason I bring it up in a nonproliferation context in this hearing is that we could use that same technique. If we could get that kind of an agreement among other nations of the world, perhaps, that becomes, under the IAEA safeguards, a new way, a new way of monitoring not every place where anything nuclear occurs, which are getting to be up in the thousands, but those points where the refinements of nuclear material or equipment and/or metals and/or critical graphite or whatever the critical element may be, that we could monitor those choke points and get all nations to agree to that kind of monitoring as opposed to the present system.

It would seem to me, maybe we could make a new approach to arms control and to nuclear nonproliferation, perhaps, by using that approach. I would appreciate your comments on that, whether it has ever been considered or whether you think it is worthy of consideration. Maybe you have good reasons why it is, on the face of it, not workable. I don't know of any reasons why it couldn't be considered, but maybe you do. I would appreciate any comments.

I am finished, Mr. Chairman.

Ambassador KENNEDY. Senator, that is an interesting and intriguing notion. There have been, I know, a number of ideas that have features like this which have been considered in the past; for one reason or another, depending on the nature of the idea, they have fallen by the wayside.

May I take your suggestion and give you a considered response after talking with some of my colleagues?

Senator GLENN. I would appreciate it very, very much.

Ambassador KENNEDY. I would be pleased to do so.

Senator GLENN. Thank you very much.

Senator COCHRAN. I thank the Senator for your contribution to the hearing. There may be questions that we will submit in writing, and we hope you will be able to respond to them. I don't want us to burden you with questions unnecessarily or to use that as an opportunity to just fill up the record for the sake of adding writing in there that somebody is not going to read, if there are questions that we have an opportunity to ask here.

Senator GLENN. Let me thank you very much Mr. Chairman, for letting me go on at the length we have. Normally, at these hearings, we go back and forth on a 10-minute basis. I appreciate very much your forebearance in letting me go ahead. I monopolized a lot of the time. I appreciate it.

Senator COCHRAN. Thank you, Senator.

At this point, Ambassador Kennedy, do you have any misgivings with regard to the effectiveness of IAEA safeguards? How can IAEA improve safeguards with a zero growth budget?

Ambassador KENNEDY. Senator, I don't have any misgivings about IAEA safeguards. That does not, though, say that we can't always find ways to improve. Moreover, in many respects, more, though; not always, but in this case, the answer is probably more would be better.

There is always a tradeoff that one has to make, given the fact that under any circumstances resources will not be unlimited. One has to think, too, in the IAEA context that substantial resource additions on the safeguards side will call for pretty much equivalent increases in resources on the technical cooperation side simply because the membership will look to that kind of balance in the agency's activities as reflected in resource availability.

That having been said, what can be done? As I indicated earlier, our own focus is and will continue to be on upgrading personnel; making sure that the number of personnel required are, in fact, available and trained adequately; and that on the other side, the equipment side, that the equipment can be developed and improved so that it is more effective and will do the job better. We hope in that case, in fact, that there will be economies achieved which will make the system work even better than it does now.

To your earlier question, do I have a concern about the adequacy of safeguards? No. I do think I mentioned earlier, however, that were we to go for an extended period without additional resources in the safeguards area, that we could well reach a point where they will become less effective simply because the need is growing.

Senator COCHRAN. Senator Glenn asked a question about terrorism. We are all concerned about it, of course. In the nuclear area we are especially concerned.

I wonder what your assessment would be of the security against terrorism of nuclear facilities around the world.

Ambassador KENNEDY. Oh, I think it varies, Senator, as one would expect. By in large, I would think you would want to talk to both DOE and the NRC to confirm this. My impression is in the United States the security situation is very much in hand now.

As to abroad, we have been working with our friends and others to continually upgrade the security, and we think that is moving very well. Also, we are looking at trying to get a commitment to bring the treaty on the protection and security of nuclear materials of the convention, into force. I would say that we would hope that if all goes as we think it is going, perhaps for before the end of this year, there will be enough states which have ratified it to bring that treaty in force.

That will add a dimension which will be helpful.

Senator COCHRAN. I appreciate very much your responding to our questions. I think this has been an excellent hearing. It is not over yet, either. [Laughter.]

Senator Glenn.

Senator GLENN. Just one short comment here about this thing we are all concerned about, terrorism, as the chairman says. We all dread that day when somebody makes a nuclear threat and it is real, and there is enough missing material, material unaccounted

for to make it credible, or, as happened back about 6 years ago, I guess now, we had a young fellow from Harvard University who walked into Dr. Weiss' office one day, plunked down some plans and said, "Here are my plans I drew out of open literature and learned from my university up here, and here is my design for a nuclear weapon, and what do you think of it?"

Well, Len went through it, and he is not a nuclear scientist, per se, but he has got enough understanding of these things to know that this looked pretty valid to him. So he called down Ted Taylor, who came down, and we held a hearing right in this very room. Rotow was the young fellow's name. You may remember Rotow I and Rotow II, because he came up with another design later.

Ambassador KENNEDY. He was improving, Senator.

Senator GLENN. He was improving, but not only that, Dr. Taylor, who had designed nuclear weapons out in Los Alamos, said yes, this looked like a design that would go off. When you have that design going around the world, this idea about terrorism and where the cascades are going with enriched uranium and whether it is all accounted for and whether some of it is flowing across international borders is getting to be of far more than academic interest. This is very, very real, and one of these days, we will have a threat that will be real, and we will have enough unaccounted material some place that it will be for real, and we will be in deep trouble.

I don't know how we take care of that terrorism, but it is coming, unless we are very, very careful about what we are doing in this field. It is not a theoretical thing any more. We have had college students now come in with designs that would work. So it is something that I know worries you and worries everybody, worries me.

Thank you, Mr. Chairman.

Ambassador KENNEDY. Senator, may I comment on that? Let me say that your concern is shared. We understand very well the nature of the concern, and we are keeping it very much in mind, and we are working not only domestically but internationally with those concerns in mind.

I would not want, however, to leave the impression that although someone might have said that although these designs are workable, that it might go off. It is one thing to draw something theoretically; it is quite another thing, Senator, as I know you are aware, to go from design to actual construction.

Senator GLENN. It is, but you have got some pretty sophisticated terrorists out there, too, and access to some pretty good scientific advice.

Ambassador KENNEDY. I recall some years ago a very careful examination of that question, and the conclusion gave me at least a modest amount of comfort in that it is a mighty difficult task to do. It is not like wiring up a piece of dynamite. It is a much more complicated problem and it is not just sophisticated; it is very, very complicated in the sense of the disciplines that are involved.

But that in no sense means that we are not mindful of the problem and are working at it.

Senator GLENN. Qadhafi has a little research reactor.

Ambassador KENNEDY. Yes, sir. He, fortunately, has a number of people that are working with it from the outside.

Senator COCHRAN. We appreciate your cooperation with the subcommittee.

[Ambassador Kennedy's prepared statement and responses to Senator Glenn's questions follow:]

STATEMENT OF

AMBASSADOR-AT-LARGE RICHARD T. KENNEDY

BEFORE THE

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION AND

GOVERNMENT PROCESSES

COMMITTEE ON GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

April 10, 1986

Mr. Chairman,

Thank you for inviting me to appear before the Subcommittee to discuss the Administration's efforts to restrain the proliferation of nuclear weapons. As you have requested, my testimony will address the present status of the non-proliferation regime and the Administration's efforts and achievements in this highly important area during the past year. I will also address the connection between United States support for the International Atomic Energy Agency (IAEA) and the attainment of our non-proliferation goals; the process by which United States policy on non-proliferation is formulated and implemented; and the relationship between the strength and vitality of the U.S. nuclear industry and our ability to have a positive influence on other nations' non-proliferation attitudes and practices.

U.S. Nuclear Non-Proliferation Policy

At the outset, Mr. Chairman, I would like to review briefly

the outline of our non-proliferation policy as it was established by the President early in this Administration. The President's policy statement of July 16, 1981 made clear that the Administration believes strongly that preventing the spread of nuclear weapons is a fundamental national security objective. The twin goals of our policy are to halt the spread of nuclear weapons and to steer nuclear development toward peaceful applications in power generation, medicine, industry, and agriculture.

As outlined by the President, the principal points of U.S. policy are as follows:

--The U.S. will continue to work with other nations to prevent the spread of nuclear explosives. We support universal adherence to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the International Atomic Energy Agency (IAEA) and its international safeguards system.

--We will strongly support and continue to work with other nations to strengthen the IAEA international safeguards regime.

--The U.S. will strive to reduce the motivation for acquiring nuclear explosives by improving regional and global stability and by promoting understanding of the legitimate security concerns of other states.

--The U.S. will view a violation of the NPT or of an international safeguards agreement as has having profound consequences for international order and U.S. bilateral relations. We would view any nuclear explosion by a non-nuclear weapon state with

grave concern.

--The U.S. will continue to inhibit the transfer of sensitive nuclear material, equipment, and technology particularly where the danger of proliferation demands.

--Where there is no risk of proliferation, the U.S. must reestablish its position as a predictable and reliable supplier for peaceful nuclear cooperation under adequate safeguards.

--Finally, we are committed to seek agreement by all nuclear suppliers to require IAEA safeguards on all nuclear activities in non-nuclear weapon states as a condition for any significant new nuclear supply.

U.S. Non-Proliferation Objectives

To implement this policy, we have formulated a series of specific objectives. In broad terms, we want to assure that there will be no new nuclear explosions by non-nuclear weapon states and no addition to the number of "threshold states", that is, countries which lack only a political decision to explode a nuclear device. We seek both continued broad international recognition that proliferation is in no one's interest, and support for wider application of IAEA safeguards in countries which have not yet placed all their nuclear activities in the international safeguards system.

To accomplish these objectives, we are:

--Continuing to seek improvements in the IAEA safeguards system and in the delivery of technical assistance in the

peaceful uses of nuclear energy.

--Upgrading nuclear export controls to cover new and advanced technologies.

--Reinforcing the U.S. reputation for effective cooperation and reliable supply.

--Expanding our dialogue with non-NPT states and encouraging the broadened application of safeguards to their unsafeguarded nuclear facilities.

--Seeking universal adherence to the NPT, and encouraging all Latin American countries which have not done so to ratify the Treaty of Tlatelolco and to bring it into force.

--Seeking to complete new agreements for peaceful nuclear cooperation, and to amend existing agreements to include the strengthened non-proliferation controls called for by the Nuclear Non-Proliferation Act of 1978 (NNPA).

--Expanding the number and frequency of bilateral discussions with other countries on strengthening the non-proliferation regime.

Activities and Accomplishments

This review of policy goals and objectives can be broken down into four basic areas on which we focus. These are (1) multilateral efforts to strengthen the international regime, including the NPT and the IAEA, (2) negotiation and renegotiation of agreements for peaceful nuclear cooperation, (3) supplier cooperation, including technical efforts to improve export controls, and (4) our efforts with non-NPT countries. It is in this context that I would like to review the Administration's

specific achievements in pursuit of non-proliferation. For a more detailed account, I refer you to the President's annual report transmitted to the Congress earlier this year pursuant to Section 601 of the NNPA.

Strengthening the International Regime

In the multilateral area efforts continue to strengthen the international non-proliferation regime. There have been two noteworthy developments in the past year.

First, the United States, worked closely with many other NPT parties to promote a highly successful outcome to the Third Review Conference on the Non-Proliferation Treaty, held at Geneva, August 27 to September 21, 1985. Second, the threat to Israel's rights and privileges as a member of the IAEA, an issue which has plaqued every IAEA General Conference since 1981, was turned aside at last year's General Conference.

The NPT Review Conference emphatically reaffirmed the support of the parties to the Treaty and their belief in its importance to international peace and security. The success of this Review Conference provides a very effective foundation for what is the most widely adhered to arms control agreement in history.

In addition to the success of the Review Conference, the NPT, in 1985, drew additional strength from the adherence of

eight new members. Many of these responded to suggestions by the depositary powers (the United States, the United Kingdom, and the Soviet Union) and other treaty parties that they join. These new members include Antigua and Barbuda, Belize, Bhutan, Brunei, Guinea, Kiribati, North Korea and the Seychelles. Of particular note among these new members is North Korea, whose adherence will help ensure that the nuclear issue does not contribute to further tension on the Korean peninsula. With the addition of Colombia and Malawi in 1986, the total number of treaty parties is now 133.

The second positive multilateral development in 1985 came in the IAEA. Since the establishment of the IAEA in 1957, every U.S. administration has worked hard to strengthen the Agency. As noted above, President Reagan pledged continued strong support of the IAEA shortly after his election. Part of this support means steadfastly resisting the introduction of extraneous political issues into the workings of this technical agency.

This past September, the IAEA General Conference rejected efforts to seek sanctions against Israel for its 1981 attack on the Osirak research reactor, approving instead a resolution which affirmed that Israel had fully responded to earlier resolutions calling on it not to attack or threaten to attack peaceful nuclear facilities. Thus in 1985, the General Conference in essence concluded debate on this issue, and we hope that this issue will not reemerge.

Conference's action has thus laid this matter to rest.

Mr. Chairman, you asked that I address in my testimony U.S. support for the IAEA and the impact of that support upon our non-proliferation influence. As the U.S. Representative to the IAEA and the U.S. Governor on the IAEA's Board of Governors, I can confirm that our support for the Agency, both to its safeguards and its technical assistance functions, remains strong and unwavering. This is a key part of our non-proliferation policy and has been repeatedly reaffirmed by the President and by the Secretary of State.

Our commitment to effective application of international safeguards is based on a recognition that the IAEA system provides the necessary confidence that a country is carrying out its non-proliferation obligations. Our assistance to safeguards is focussed on providing adequate trained personnel and equipment which are required to apply adequate safeguards. We cannot allow inspection capabilities to be out-paced by advancing technology, and thus, much of our work is aimed at safeguards application on advanced nuclear technologies. Our Program of Technical Assistance to Safeguards (POTAS) provides cost-free experts, training, and the development of advanced safeguards equipment.

With regard to technical cooperation, we contribute to the IAEA's Technical Assistance and Cooperation Fund, as well as

provide in-kind technical cooperation to serve the needs of many IAEA members, particularly developing members, in nuclear applications in medicine, agriculture and basic industry. This in-kind technical cooperation consists of training courses, fellowships, cost-free experts and funding of specific projects which the U.S. is prepared to support.

Other Multilateral Efforts

The U.S. is also a key participant in the Committee on Assurance of Supply (CAS), which the IAEA established in 1980 following the international fuel cycle evaluation. Our effort in this Committee has been to develop principles which would assure recipient countries reliable access to nuclear technology, while reaffirming the necessity of international non-proliferation assurances as a basis for such supply. While the negotiations have been extensive and complex, there has been progress. A preliminary consensus was achieved, for example, on emergency and back-up fuel supply procedures and on a mechanism for the revision of nuclear fuel arrangements. CAS continues its efforts to formulate a set of principles for predictable and long-term supply of nuclear material and fuel cycle services.

The United States also has been a key participant in preparations for the UN Conference on the Peaceful Uses of Nuclear Energy (PUNE), scheduled for March 1987. The PUNE Conference was called for by a UN General Assembly resolution in 1977. The U.S. and other Western countries have expressed support for such

a conference, particularly one which focuses on the various technical applications of peaceful nuclear technology most relevant to the needs of developing countries. As in CAS, we have insisted that non-proliferation concerns be clearly taken into account, and we will continue to do so.

Agreements for Cooperation

Section 404 of the NNPA required that the U.S. initiate a program to renegotiate existing agreements for peaceful nuclear cooperation in order to incorporate the additional non-proliferation undertakings which are required in new agreements. Since the NNPA was enacted in 1978, the U.S. government has negotiated or renegotiated 13 agreements meeting all the requirements of the Act (Australia, Bangladesh, Canada, China, Colombia, Egypt, Finland, IAEA, Indonesia, Morocco, Norway, Peru, Sweden).

On December 30, 1985, the United States and China brought into force a new agreement for peaceful nuclear cooperation. This agreement was an important development in its own right, for this agreement for cooperation embodied all of the requirements of U.S. law. But in addition, the process of negotiating this agreement has had important implications for strengthening the international non-proliferation regime. China decided, during the period of negotiation, to join the IAEA, and require IAEA safeguards on its nuclear exports to non-nuclear weapon states. China also stated during the period of negotiations that it would not assist any other state to develop

nuclear explosives. This was further welcome evidence of the evolution of China's nuclear policy. At the 1985 IAEA General Conference, China made a voluntary offer to the IAEA to place some of its civil nuclear facilities under IAEA safeguards. Having done so, China joins the ranks of the other four nuclear weapons states all of whom have previously made such offers.

With respect to renegotiation of existing agreements, our major efforts have focussed on our continuing discussions with Japan and EURATOM. This undertaking is in direct response to the NNPA's requirement that the President initiate a program to renegotiate agreements for cooperation in effect when the NNPA was enacted, to incorporate the undertakings which are required for new agreements. In this context, we have offered to Japan and EURATOM long-term arrangements concerning their reprocessing and plutonium use. This approach is consistent with the policy, as enunciated by the President in his July 1981 statement of not inhibiting civil reprocessing and breeder reactor development in countries with advanced nuclear programs that do not pose a proliferation risk.

We have made this offer for facilities which we determine meet the requirements of U.S. law. Since the offer is in the context of seeking a new or amended agreement, the law requires that the President must determine in writing that the proposal will promote and will not constitute an unreasonable risk to the common defense and security. In addition, since the advance

consent arrangement will involve reprocessing and plutonium transfers, we will also determine before entering into the arrangement that our approval will not result in a significant increase in the risk of proliferation. In this regard, we will give foremost consideration to timely warning.

This approach does not endorse or encourage the spread of reprocessing and civil plutonium use. Rather, it recognizes that advanced civil nuclear programs involving reprocessing and plutonium use already exist in certain countries where they pose no proliferation risk, that these programs will go forward regardless of any U.S. attempt at dissuasion, and that our only realistic course is to work with these select countries to help improve safeguards and controls over the sensitive technology and materials that they are using.

Our negotiations with Japan achieved considerable progress in 1985. I met personally on a number of occasions with my Japanese counterpart, while technical working groups also met to discuss such issues as safeguards and physical security. Our efforts culminated in the Japanese decision announced publicly last December to negotiate an agreement that meets all of the requirements of our law and to submit it to the Diet. We are now working together to achieve a renegotiated agreement this year.

We also have continued to pursue discussions with EURATOM.

We have taken the opportunity to explain in detail the requirements of U.S. law, the value of a renegotiated agreement for cooperation, and our intention to develop a reliable supply basis with EURATOM which does not conflict with the Community's long-term intentions to pursue advanced nuclear technology.

In addition, we recently concluded the agreement for cooperation with Finland and undertook preliminary discussions with the Swiss regarding renegotiation of the U.S.-Swiss agreement for cooperation.

Supplier Cooperation

For more than a decade, the United States has, together with other nuclear suppliers, worked to develop a supplier consensus on nuclear export conditions and controls. This effort has been remarkably successful in encouraging restraint in the transfer of sensitive technologies, broadening the scope of items whose export requires IAEA safeguards, and in dealing with particular problem countries.

We have, consistent with the President's initiative on comprehensive safeguards, urged other suppliers to make comprehensive safeguards a condition for significant new supply commitments to non-nuclear weapon states. We have raised this on many occasions in our bilateral consultations, as we discuss with other suppliers how best to continue the supplier consultation process.

These bilateral consultations have included numerous discussions with the FRG, France, the UK, The Netherlands, Canada, Australia, Japan, Finland, Switzerland, the PRC, Belgium, Argentina, Brazil, and the Soviet Union. These consultations enable us to maintain a dialogue in which problems can be identified along with proposed courses of action.

In this regard, we count among our major accomplishments the establishment of regularly scheduled non-proliferation bilateral consultations with the Soviet Union. We met twice with the Soviets in 1985, once in Helsinki and once in Washington. Our next meeting is scheduled for early June in Moscow, and we plan to continue to meet twice yearly thereafter.

Non-proliferation is one of the areas where we and the Soviet Union have interests that run parallel and frequently coincide. The joint statement issued by President Reagan and General Secretary Gorbachev at the close of their 1985 Summit meeting underscored this very point. In that statement both leaders reaffirmed their nation's commitment to the NPT, their intention to continue promoting the strengthening of the IAEA, and more generally, their mutual interest in strengthening, together with other countries, the non-proliferation regime. With your permission, Mr. Chairman, I would like to insert for the record the joint statement issued by President Reagan and General Secretary Gorbachev.

In addition to our bilateral discussions with other countries, the U.S. continues to participate in multilateral non-proliferation efforts as well. Much of these multilateral efforts are focussed on strengthening so-called "trigger lists". Trigger lists are lists of nuclear equipment (primarily equipment involving advanced technologies) which nuclear suppliers supply only under IAEA safeguards.

Our effort on trigger lists passed another milestone in July 1985, when the members of the NPT Exporters Committee - the so-called Zangger Committee - agreed to revise the safeguards trigger list of items for nuclear fuel reprocessing. This step followed earlier agreement to update the trigger list for gas centrifuge enrichment equipment. This committee has now turned its attention to items for gaseous diffusion enrichment plants. This type of activity is making particularly valuable contributions to the multinational control regime for sensitive nuclear technologies.

As I review this record in enhancing the supplier export control process, I must also call attention to an issue that will grow in importance -- how to integrate newly emerging suppliers into the framework of policy norms and export controls to which the established suppliers adhere. I would note that Argentina has declared that it will require IAEA safeguards on its nuclear exports. South Africa has stated that it will follow the London Supplier Guidelines in its export policy. As

I mentioned earlier, China too has announced that it is requiring IAEA safeguards on its nuclear exports. We will continue our bilateral efforts in 1986, and encourage other established suppliers to engage in similar efforts with emerging suppliers.

Non-NPT Parties -- Broadening the Dialogue

We continue our efforts to restore a dialogue on the benefits of a strong non-proliferation regime with non-NPT parties who have developed significant nuclear programs. These countries include Brazil, Argentina, South Africa, Pakistan, India, and Israel.

In the case of Latin America, we have conducted intensive discussions with the Governments of Brazil and Argentina in an effort to develop a closer relationship in the areas of safeguards and non-sensitive peaceful nuclear cooperation, while attempting to reach a better understanding of the importance of non-proliferation generally. Both countries have significant nuclear programs and are attempting to develop an advanced industrial capacity across the entire nuclear fuel cycle. We believe there is an increased sensitivity on their part to international non-proliferation concerns.

We continue to urge Brazil and Argentina to bring the Treaty of Tlatelolco into force, and place all of their nuclear facilities under IAEA safeguards. We are gratified by the assurances of both countries that their nuclear programs are

devoted to peaceful uses. In particular, we have followed closely developments pursuant to the very important announcement by Presidents Alfonsin and Sarney at Iguazu Falls last November. At that time, Argentina and Brazil announced that a joint working group would be formed to discuss nuclear cooperation and mutual confidence building measures in the nuclear area. We understand that discussions have started , and look forward to the outcome of these talks.

With regard to other significant non-NPT parties, we continue to urge both Israel and South Africa to adhere to the NPT. We are pleased that South Africa is continuing its discussions with the IAEA regarding safeguards on its new semi-commercial enrichment facility. We are also pleased that South Africa continues to apply IAEA safeguards on its nuclear exports and is abiding by the London Supplier Guidelines in respect to exports.

My review of U.S. non-proliferation policy would not be complete without a brief discussion of the situation in South Asia. While President Zia and Prime Minister Junejo have publicly made assurances regarding the peaceful nature of the Pakistani nuclear program, we have continued to convey to the Pakistan Government on numerous occasions and at the highest levels our concerns about unsafeguarded nuclear activities in that country, and made clear that Pakistani nuclear restraint is essential to our ability to provide security assistance. As the

facilities, a joint declaration renouncing acquisition or development of nuclear weapons, or establishment of a nuclear weapons free zone. President Zia has also stated that he is ready to discuss any proposals which the Government of India may tender. We believe these are useful suggestions.

In this connection, we welcomed as a useful first step, President Zia's and Prime Minister Gandhi's agreement in principle last December 17 not to attack each other's nuclear facilities. We have urged both sides to follow-up with additional measures.

The Non-Proliferation Policy Process

U.S. non-proliferation policy is carried out not just by the Department of State, but also by other parts of the Executive Branch, including the National Security Council staff, the Arms Control and Disarmament Agency, and the Departments of Energy, Commerce and Defense. The Nuclear Regulatory Commission also plays a key role in its review of nuclear export licenses pursuant to the Atomic Energy Act. Each of these agencies operates pursuant to U.S. law and the non-proliferation policy framework which was established by the President in his 1981 policy statement. Each agency clearly has an important role and all are committed to the objective of halting the spread of nuclear explosives.

As to my own role, Mr. Chairman, the announcement by the

President certified to the Congress last fall, we do not believe that Pakistan possesses a nuclear device. We are convinced, as well, that our program of security assistance has contributed and will continue to contribute significantly to reducing the risk that it will.

While we will continue to do all we can to restrain the Pakistani program, and our ability to provide security assistance is essential in this regard, we also recognize that the nuclear issue in South Asia has a significant regional dimension. Just as we have been very clear in Islamabad about our concerns over Pakistan's nuclear program, so we have also expressed our concern in New Delhi over India's largely unsafeguarded nuclear program and its steady expansion. We continue to urge both Pakistan and India to join the NPT or otherwise accept full-scope safeguards.

In a more fundamental sense, the most promising prospect for a lasting solution to the South Asia nuclear issues lies in a dialogue between India and Pakistan leading to significant non-proliferation steps by both, and in an overall reduction of Indo-Pakistani tensions.

President Zia, at the UN General Assembly last October, repeated that his government is prepared to undertake, jointly with India, accession to the NPT or acceptance of full-scope IAEA safeguards, mutual inspection of each other's nuclear

President of my nomination to be Ambassador-at-Large stated that the Ambassador-at-Large will "coordinate and direct U.S. non-proliferation efforts". The President's decision was designed to bring our non-proliferation efforts into sharper focus, ensuring the high-level attention and action which this vital goal demands. I represent the President and the Secretary of State in discussions and negotiations on non-proliferation matters with other governments, in testimony before Congress, and in public expressions of the Administration's policy aims and efforts.

You asked, Mr. Chairman, whether there were any problems in this process which might affect our government's effectiveness in the international non-proliferation regime. The answer is no. Each agency fully understands the nature of its own role in carrying out U.S. law and implementing the President's non-proliferation policy. While there are sometimes differences of view on how best to implement that policy, there are interagency mechanisms for resolving those differences and concentrating all efforts on our overall objectives.

Impact of U.S. Supply on Non-Proliferation

Finally, Mr. Chairman, you asked me to comment on the condition of the U.S. nuclear industry and the impact of that condition upon our non-proliferation influence with other nations. We have always sought ways to ensure that our nuclear supply policies contribute to the development of a sound non-

proliferation policy. As President Regan observed in his 1981 statement, the "U.S. will cooperate with other nations in the peaceful uses of nuclear energy ... To carry out these policies, I am instructing the Secretary of State, working with the other responsible agencies, to give priority attention to efforts ... To reestablish a leadership role for the U.S. in international nuclear affairs."

It is with this direction in mind that the U.S. is an active participant in the Nuclear Energy Agency of the OECD. The NEA is an international organization composed of all of the members of the OECD, Australia, Canada, Japan and the U.S. The Commission of the European Communities takes part in the work of the agency. The primary objectives of the NEA are to promote cooperation between its member governments on the safety and regulatory aspects of nuclear development, and on assessing the future role of nuclear energy as a contributor to economic progress. The U.S. is maintaining an important representation in the Agency and its principal committees. I should note that I am Chairman of its governing body, the NEA Steering Committee.

It is also critical for reestablishing a leadership role that the U.S. be a predictable and reliable supplier of nuclear materials, equipment and technology. As I have said in previous hearings, with more and more nations embarking on civilian nuclear power programs, it is essential that the U.S. and other countries adopt policies that do not inhibit the legitimate

peaceful uses of nuclear energy under stringent and effective non-proliferation controls.

At this time, there are a relative handful of opportunities for significant nuclear exports, such as nuclear power reactors. The American nuclear industry is facing stiff competition for these few supply opportunities. Nevertheless, American technology is well known as among the best in the world, and is highly sought after by many countries. Technical assistance from American companies continues to be pursued by other countries, and I am confident that in the long-term the influence derived from our technical and industrial leadership will continue to be a key part of our non-proliferation influence.

I wish to stress here, Mr. Chairman, as I have stressed on previous occasions, that the United States has never sacrificed, and will never sacrifice, its non-proliferation principles for commercial gain or economic advantage. We have set this high standard for our own conduct. We believe it should be the universal norm.

Conclusion

Mr. Chairman, that concludes my formal statement. I hope that I have addressed, at least briefly, all the questions which you raised. I would now be pleased to respond to any questions which you or other Members of the Committee may have.

QUESTIONS BY SENATOR GLENN TO AMBASSADOR KENNEDY

Q: According to the newspaper O Globe in Rio, the PRC technology and fuel would enable Brazil to manufacture missiles capable of carrying nuclear warheads in a few years. Can you tell us what the Administration is doing, if anything, in the area of ensuring that the development of space technology around the world will be used only for peaceful purposes?

A: We are aware of the article in the Brazilian press to which you refer. Government officials from both the PRC and Brazil have explicitly denied the existence of an agreement such as the one referred to in the O Globo article.

The United States Government has long been aware of both the promises and the dangers involved in international space development. Our policies contain both positive and negative inducements.

The U.S. Government has more than 27 years of active international cooperation in the exploration of space and the application of space technology for peaceful purposes, including more than 1,000 agreements with more than 130 countries. These cooperative agreements have included data exchanges and analyses, cooperative spacecraft development, and joint data gathering. Scientists from many countries have been and will continue to be major participants in many of these programs.

Nevertheless, our general policy does not permit U.S. cooperation with the development or production of ballistic missiles or of space launch vehicles, since the latter could be used as missiles. Since the early 1960's, it has been general U.S. munitions export licensing policy not to license exports of U.S. hardware or technology which could assist in the development of strategic systems capable of delivering nuclear weapons. This policy applies equally to all countries with only a few exceptions which are based on formal, long-standing alliances. The U.S. Department of State decides munitions export license applications on a case-by-case basis in full consultation with the other concerned agencies. If, on the basis of all information available, it is decided that a particular export could potentially contribute to a strategic delivery system, the State Department denies the application based on this long-standing U.S. Government policy.

Question on Pakistan

Q: It is reported that last December Pakistan bought six flash x-ray machines, using dummy companies to disguise the real purchaser. The machines are used in tests in the design of nuclear weapons to see whether the implosion is sufficiently uniform to cause criticality and a nuclear explosive yield. Is there any truth to this report? From whom were these machines purchased? Is it true that the U.S. stopped an attempt by Pakistan to have its scientists trained by an American company in the use of such x-ray equipment (about six months ago)?

A. Answer to question classified.

Q: How many krytrons are needed to trigger a nuclear device? How many applications for sales of krytrons have been approved over the last five years? Can you tell us what the situation is with respect to the Israeli purchase of such devices and subsequent promise by them to return all devices which were unused? What did they use them for?

A: Krytrons are not necessary to detonate a nuclear explosive device. Such switches, if chosen for the firing circuit of a nuclear or conventional explosive device, could act singly or several could act together (with redundancy, if required) depending upon the characteristics of the explosive system and the krytrons.

From October 1, 1981, to April 29, 1986, the Department has granted 382 licenses for the export of krytrons. These krytron exports have a value of $328,833.

U.S. law enforcement authorities requested that Israel return the unused krytrons to the U.S., and the Government of Israel has done so. Further, the Government of Israel has informed the Government of the United States that the remaining krytrons were used by industries related to defense programs for research, development and testing applications, such as laser range finders, and has assured us that they were not used for nuclear purposes.

Q: It is my understanding that a space science cooperation agreement was signed between Brazil and the PRC last year under which Brazil will transfer to Brazil advanced technology on liquid fuels and rocket guidance systems that have been developed in the past 20 years.

UNCLASSIFIED RESPONSE

A: The Brazilian press has reported that China and Brazil have concluded a space cooperation agreement under which Brazil would provide rocket solid fuel technology to China and China would provide guidance and control technology to Brazil. According to most of these press accounts, Chinese-Brazilian space cooperation dates from a general Science and Technology (S&T) Cooperation Accord signed May 29, 1984 by Brazilian President Figueiredo when he visited China at that time. One press account stated that the S&T agreement was actually signed in 1982 and put into effect in March 1984.

The Brazilian press has reported on three visits of Brazilian and Chinese space delegations since 1984. Chinese delegations are said to have visited Brazilian Aerospace Technical Center (CTA) in August 1984 and April/May 1985; a Brazilian visit to China was reported in December 1984.

Questions on India

Q: What is the present situation with respect to the Dhruva reactor? Is the reactor presently operating? How much plutonium is it capable of producing per year?

A: Answer to question classified.

Q: What is the State Department's estimate of the amount of unsafeguarded plutonium stockpiled in India?

A: Answer to question classified.

Tarapur Parts Supply

Q. What is the spare parts situation at Tarapur?

A. To the best of our knowledge, the Government of India has not encountered difficulty in obtaining necessary parts for the Tarapur Atomic Power Station from non - U.S. sources of supply. The Indian authorities have publicly claimed that India is able to manufacture needed parts. European suppliers have furnished some parts to India for Tarapur, but much less than originally anticipated. It thus appears that Indian statements about India's increasing ability to manufacture reactor parts are correct.

Q.Did we provide approval to the Germans for the transfer of any spare parts?

A.The U.S. Government did not provide any approvals to the Government of the FRG for transfer of U.S. - origin components, subject to USG prior consent rights, to India for Tarapur.

Senator COCHRAN. This hearing is now adjourned.

[Whereupon, at 4:12, the subcommittee recessed to reconvene subject to the call of the Chair.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Current
P No. 303

President Reagan

Nuclear Nonproliferation

July 16, 1981

United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is a statement by President Reagan on July 16, 1981.

Our nation faces major challenges in international affairs. One of the most critical is the need to prevent the spread of nuclear explosives to additional countries. Further proliferation would pose a severe threat to international peace, regional and global stability, and the security interests of the United States and other countries. Our nation has been committed on a bipartisan basis to preventing the spread of nuclear explosives from the birth of the atomic age over 35 years ago. This commitment is shared by the vast majority of other countries. The urgency of this task has been highlighted by the ominous events in the Middle East.

The problem of reducing the risks of nuclear proliferation has many aspects, and we need an integrated approach to deal with it effectively. In the final analysis, the success of our efforts depends on our ability to improve regional and global stability and reduce those motivations that can drive countries toward nuclear explosives. This calls for a strong and dependable United States, vibrant alliances and improved relations with others, and a dedication to those tasks that are vital for a stable world order.

I am announcing today a policy framework that reinforces the long-standing objectives of our nation in nonproliferation and includes a number of basic guidelines. The United States will

- Seek to prevent the spread of nuclear explosives to additional countries as a fundamental national security and foreign policy objective;
- Strive to reduce the motivation for acquiring nuclear explosives by working to improve regional and global stability and to promote understanding of the legitimate security concerns of other states;
- Continue to support adherence to the Treaty on the Non-proliferation of Nuclear Weapons and to the Treaty for the Prohibition of Nuclear Weapons in Latin America (Treaty of Tlatelolco) by countries that have not accepted those treaties;
- View a material violation of these treaties or an international safeguards agreement as having profound consequences for international order and U.S. bilateral relations and also view any nuclear explosion by a non-nuclear-weapon state with grave concern;
- Strongly support and continue to work with other nations to strengthen the International Atomic Energy Agency (IAEA) to provide for an improved international safeguards regime;
- Seek to work more effectively with other countries to forge agreement on measures for combating the risks of proliferation;
- Continue to inhibit the transfer of sensitive nuclear material, equipment, and technology, particularly where the danger of proliferation demands, and to

seek agreement on requiring IAEA safeguards on all nuclear activities in a non-nuclear-weapon state as a condition for any significant new nuclear supply commitment.

I am also announcing that I will promptly seek the Senate's advice and consent to ratification of Protocol I of the Treaty of Tlatelolco.

The United States will cooperate with other nations in the peaceful uses of nuclear energy, including civil nuclear programs to meet their energy security needs, under a regime of adequate safeguards and controls. Many friends and allies of the United States have a strong interest in nuclear power and have, during recent years, lost confidence in the ability of our nation to recognize their needs.

We must reestablish this nation as a predictable and reliable partner for peaceful nuclear cooperation under adequate safeguards. This is essential to our nonproliferation goals. If we are not such a partner, other countries will tend to go their own ways, and our influence will diminish. This would reduce our effectiveness in gaining the support we need to deal with proliferation problems. To attain this objective, I am:

- Instructing the executive branch agencies to undertake immediate efforts to insure expeditious action on export requests and approval requests under agreements for peaceful nuclear cooperation where the necessary statutory requirements are met;
- Requesting that the Nuclear Regulatory Commission act expeditiously on these matters.

The Administration will also not inhibit or set back civil reprocessing and breeder reactor development abroad in nations with advanced nuclear power programs where it does not constitute a proliferation risk.

The United States will support IAEA programs and other international cooperative efforts in the areas of nuclear safety and environmentally sound nuclear waste management.

To carry out these policies, I am instructing the Secretary of State, working with the other responsible agencies to give priority attention to efforts to reduce proliferation risks, to enhance the international nonproliferation regime, and, consistent with U.S. security interests, to reestablish a leadership role for the United States in international nuclear affairs.■

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Secretary Shultz

Preventing the Proliferation of Nuclear Weapons

November 1, 1984

United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Secretary Shultz before the United Nations Association of the USA, New York, November 1, 1984.

In the early 1960s, during the presidency of John F. Kennedy, it was the consensus of defense policy experts that by the mid-1980s—today—between 15 and 25 countries would have nuclear weapons. Serious commentators then accepted, almost without question, the idea that the spread of nuclear weapons was inexorable, advancing like a Greek tragedy to some disastrous preordained conclusion.

Well, I'm happy to say they were wrong. It's 1984, and despite the steady and rapid development of nuclear energy around the world, the number of acknowledged nuclear-weapons states has held at five since China tested its first atomic bomb 20 years ago. Only one additional country, India, has carried out any kind of nuclear explosion—and that was 10 years ago.

Clearly, the potential danger is still with us. Regional rivalries and grandiose ambitions continue to tempt some countries to flirt with the dangerous and misguided notion that their security could be enhanced by obtaining nuclear weapons or at least by creating the perception that they can do so.

But these temptations can and are being held in check. The prophets of gloom were wrong in their prediction that nuclear proliferation was inevitable, because they did not foresee the determined efforts that would be undertaken by the international community to deter the spread of these deadly weapons. Without this undertaking, the nightmare of rampant nuclear proliferation might well have become reality.

While superpower negotiations to limit the growth of nuclear arsenals have garnered the headlines, the effort to prevent the spread of nuclear explosives has gone on largely out of the glare of publicity. Through seven administrations, the United States has led a concerted international campaign to control this threat to world peace. The endeavor has fostered a web of institutional arrangements, legal commitments, technological safeguards, and alternative means for addressing security concerns.

The ongoing antiproliferation campaign is an example of constructive diplomacy and international cooperation at its finest. In this enterprise we have found common ground not only between industrialized and developing countries, and between nuclear suppliers and nuclear consumers, but between ourselves and the Soviet Union. What we all share is the recognition that nuclear proliferation would aggravate political tensions among nations, heighten regional insecurities, and contribute to vastly greater instability in the world.

Since the day he took office, President Reagan has sought, as a fundamental objective, to reduce the dangers to world peace and global stability posed by nuclear weapons. The President's well known efforts to achieve reductions in strategic and intermediate-range nuclear weapons have been one part of this enterprise. Prevention of nuclear proliferation has been another essential element.

In our efforts to control nuclear proliferation, like those directed toward reducing nuclear weapons, we must be guided by realism. We cannot wish the atom away, nor should we try to. Its secrets have been unlocked, and they have brought great benefit to mankind. Peaceful use of the atom has yielded not only an economical and reliable energy source but a wealth of applications in the fields of medicine and agriculture. We are only just beginning to realize the potential of peaceful nuclear technology for raising the living standards and improving the lives of millions of the world's people.

But we cannot be blind to the potential harm that misuse of this powerful force could bring. Diversion of nuclear technology to explosive purposes could pose a threat to peace and could at the very least undermine global stability.

Many of you undoubtedly saw press accounts of the Carnegie Endowment study on the nuclear proliferation problem that was released a couple of days ago. The study publicized a fact that those of us who deal with this issue have long been acutely aware of: that as long as international tension and conflict exist, there will be insecure or irresponsible leaders who seek to shift the balance of regional power dramatically by acquiring a "secret weapon."

We and other responsible members of the international community are ceaselessly at work to deter those who might be tempted to transform the promise of nuclear energy into the peril of nuclear weapons. Although we cannot be sure that further proliferation of nuclear explosives can be prevented for all time, there is a great deal we can do to retard its pace and make it much more difficult.

Now can the United States realistically expect to deter proliferation all by

Supporting Nuclear Power. As I said at the outset, we are realistic. In coming decades, nuclear energy will necessarily play a major role in providing environmentally safe and economically efficient electric power in the United States. Likewise, it is clear that nuclear generated energy will be increasingly important for the economic development and energy security of many nations around the world. For these countries—Japan, for example, and much of Western Europe—nuclear power is critical to national well-being and energy security.

Making Rational Distinctions. We must make rational distinctions between close friends and allies who pose no great proliferation risk and those areas of the world where we have real concerns about the spread of nuclear weapons. A policy of denial toward countries with excellent nonproliferation credentials would be arbitrary as well as counterproductive. On the other hand, we are determined to maintain stringent controls to ensure that our nuclear cooperation is not misused. We recognize, in particular, a clear need to restrict sensitive nuclear activities in regions of instability and proliferation concern, like the Middle East and South Asia.

At the same time, we are striving to reduce the motivation of some states to acquire nuclear explosives by working with them to improve regional and global stability. Our $3.2-billion package of economic and security assistance to Pakistan is a case in point.

Closer Consultation and Cooperation. In light of the earlier criticism by our nuclear partners, and the recognition that America is no longer dominant in the field, we have sought to restore an emphasis on cooperation. It is not always possible, of course, to obtain full agreement on controversial issues. But we have tried, at least, to implement our nonproliferation policy with a maximum of consultation and agreement with other nations. Our approach is designed to give our closest nuclear-trading partners a firmer and more predictable basis on which to plan their vital energy programs, while at the same time furthering our nonproliferation objectives.

President Reagan has stated that the United States will not inhibit civil reprocessing and breeder-reactor development in countries with advanced nuclear programs that do not constitute a proliferation risk. In keeping with this policy, the United States has been discussing with Japan and the European Atomic Energy Community long-term arrangements on reprocessing and plutonium use. We all believe that such long-term arrangements will be mutually beneficial and will enhance the global nonproliferation regime.

Our negotiations with the People's Republic of China regarding an agreement for cooperation in the peaceful uses of nuclear energy also have important implications for the strengthening of the worldwide nonproliferation regime. China's decision during the process of those negotiations to join the International Atomic Energy Agency was a significant step in this regard. Its determination to require IAEA safeguards on its future export commitments, and its strong statement that it would refrain from assisting any other nations to acquire nuclear explosives, are evidence of China's broadening commitment to the world's nonproliferation effort.

We are convinced that nuclear cooperation with China, grounded on an agreement that satisfies all the requirements of our law and policy, will advance our worldwide nonproliferation objectives, enhance our overall political relations with China, and benefit U.S. economic interests.

Although we have major differences with the Soviet Union on a wide range of arms control issues, we have broad common interests in the nonproliferation area. In the fall of 1982, Foreign Minister Gromyko and I agreed to initiate bilateral consultations on nonproliferation. Since then, three rounds of useful discussions have taken place, with both sides finding more areas of agreement than disagreement. We expect to confer again on this subject later this month. It is clear that both countries consider the horizontal spread of nuclear explosives to be in no one's interest. Moreover, we agree that we both have major responsibilities in strengthening the nonproliferation regime.

Broadening the Dialogue. Some rapidly industrializing nations—such as Brazil, Argentina, and South Africa—also have active peaceful nuclear energy programs. Moreover, they are emerging as nuclear materials suppliers in their own right. We have restored a dialogue on the benefits of a strong nonproliferation regime with these countries, where our ties in the area of peaceful nuclear energy had been all but broken. We have sought their cooperation and support for our efforts to assure that nuclear exports are not misused for nonpeaceful purposes. At the same time, we have stressed that regional stability would be enhanced if they would broaden the application of international safeguards in their own nuclear programs.

We are pleased to note that the Government of South Africa has publicly undertaken to require IAEA safeguards on all of its future nuclear exports. South Africa has also reopened discussions with the IAEA on safeguarding a significant new semicommercial enrichment plant.

Our discussions with Brazil and Argentina, we believe, have led to an increased sensitivity on their part to our nonproliferation concerns. We attach great importance to the assurances of Brazil and Argentina that their nuclear programs are devoted solely to peaceful uses, and we look forward to continuing our dialogue both in multilateral fora and in bilateral discussions.

We continue to urge all of these countries to adhere to the Non-Proliferation Treaty and, in the case of the Western Hemisphere, the Treaty of Tlatelolco, and to place *all* of their nuclear facilities under international safeguards.

Improving U.S. Export Controls. I have talked mainly about this Administration's diplomatic and policy initiatives, but we have not neglected the technical side of the problem. In his 1981 statement on nonproliferation policy, the President affirmed that the United States would continue to inhibit the transfer of sensitive nuclear material, equipment, and technology, particularly where the danger of proliferation required restraint.

We fully recognize the risks associated with reprocessing and other sensitive nuclear technologies because of their potential direct applicability to weapons production. We appreciate the need for great caution and restraint in dealing with these risks and the importance of limiting sensitive facilities and activities to as few locations as possible. Even then, reprocessing should only be done in places where no significant risk of proliferation exists.

A small but significant number of the world's states pose a real proliferation risk. In seeking to block these states—Libya, for example—from obtaining nuclear explosives, we have employed a range of political, economic, and security measures. And, of course, we have sought to persuade other suppliers to impose similar conditions and controls. This effort has been successful thus far in preventing acquisition of nuclear weapons by unstable and irresponsible regimes, in whose hands they could create a catastrophe. But unrelenting vigilance is necessary.

Strengthening International Safeguards. Our commitment to strengthened international safeguards remains constant and firm, for we recognize that this is one area in which we cannot allow inspection capabilities to be outpaced by advancing technology. Obviously, as advanced nuclear technologies come on line around the world, the International Atomic Energy Agency must have at its disposal the trained personnel and equipment re-

itself. America no longer dominates the nuclear field—scientifically or commercially—as it once did. As mastery of the technology has spread, it has been harder to persuade others simply to follow our lead, let alone to dictate their actions and choices. Now more than ever, a successful nonproliferation effort requires cooperative undertakings involving both suppliers and users of nuclear technology, taking into account their energy needs, commercial interests, and concerns about their sovereignty.

Equally important, we must address the underlying causes of nuclear proliferation, not just its symptoms. Although the search for nuclear weapons might arise out of the simple megalomania of a national leader, a country is far more likely to "go nuclear" out of feelings of insecurity, usually arising from regional rivalries. The truth is that any "security" that might be gained by developing a nuclear-weapons capability is likely to be illusory. Proliferation begets proliferation; it is synonymous with instability and is destructive of everyone's security.

Nevertheless, as long as that sense of insecurity exists, the threat of sanctions, although an important deterrent, may not always suffice to discourage countries with the potential to build weapons from trying to do so. If the drive to acquire nuclear weapons is to be curbed, the sources of tension and insecurity also must be addressed. We can do this by providing political, economic, and security assistance to friendly countries anxious about their security. And we can continue to lend our efforts, as we have in the Middle East and southern Africa, for example, to resolution of the conflicts that are at the root of the problem.

In my experience as Secretary of State, I have found the problem of preventing nuclear proliferation to be as complicated and as challenging—intellectually, politically, and diplomatically—as any I've had to deal with. Just as we have discovered in dealing with other intricate, morally challenging foreign policy problems, like arms reduction and human rights, effective solutions often require us to make very tough choices.

Keeping our hands clean by trying to disengage from the problem, or by shunning all relations with potential offenders, is not the answer. We must deal with the causes of the problem and offer alternatives for its solution if we are to maintain our influence with potential proliferators and not jeopardize the other, often critical, interests we may have in common. Balancing these diverse and sometimes contradictory policy considerations can involve difficult tradeoffs.

By the same token, if we are to maintain the cooperation of other nations whose participation is absolutely essential to any nonproliferation regime, we must respect their needs, their interests, and their sovereignty.

These are some of the considerations that have gone into shaping the nonproliferation policy of the Reagan Administration.

Evolution of Nonproliferation Policy

Over the last three decades, America's nonproliferation policy has benefited from a remarkable continuity and steadfastness of purpose. In 1953, soon after he was elected, President Eisenhower took a historic step in inaugurating the Atoms for Peace program. By this act, the United States volunteered to share its peaceful nuclear technologies for the good of all mankind.

The International Atomic Energy Agency (IAEA), which was also proposed by President Eisenhower, was established in 1957 as an international institution through which to pursue those same goals. The IAEA was given a dual mission: to promote the peaceful use of nuclear energy and to effectuate a system of international safeguards against diversion of nuclear materials for nonpeaceful purposes. Through the intervening years, the IAEA has assumed even greater importance as a key instrument in the nonproliferation regime. It is an agency that the United States ranks among the most important of the international institutions.

The nuclear Non-Proliferation Treaty (NPT), signed in 1968, provided a juridical framework for the same effort. In adhering to the NPT, non-nuclear-weapon states undertook not to develop or acquire nuclear explosives and to accept safeguards on all their nuclear activities. At the same time, these states were assured access to peaceful nuclear technology, while nuclear suppliers committed themselves to ensuring that their nuclear exports were covered by IAEA safeguards. The parties to the treaty also agreed to make good faith efforts to slow the nuclear arms race.

The early 1970s—particularly after the 1973 energy crisis—were perhaps the halcyon days for nuclear power. Nuclear generation of electricity was increasing rapidly, and the nonproliferation regime was expanding and appeared sound. But the explosion of a nuclear device by India in 1974, notwithstanding its "peaceful use" commitments under bilateral nuclear cooperation agreements, shocked the nuclear suppliers and caused them to reassess their nonproliferation policies.

Even before the Indian blast, there was a growing realization that variations in the export policies of the different nuclear suppliers made it difficult to apply uniform measures to deter proliferation. To close these gaps, the major nuclear suppliers convened in London in 1974 to discuss common multilateral export policies. Under the guidelines first adopted in 1976, members of the London Suppliers' Group agreed to transfer certain technology, equipment, and material only if the customer nation agreed to apply IAEA safeguards to the item supplied and to ensure its peaceful use.

For nearly three decades, the United States and other nations that share our views have relied on this combination of political incentives, international safeguards, bilateral export controls, and technological constraints to hold nuclear proliferation in check. But nonproliferation strategies have had to be continuously adapted to deal with evolving technologies and changing political circumstances.

When the Carter Administration took office, its policy was fundamentally shaped by the view that nuclear energy development worldwide created significant proliferation risks. Decisions were made to defer reprocessing and plutonium use in this country. These domestic policies were paralleled by unilateral attempts to curtail the supply of nuclear technology abroad and particularly to discourage the use of plutonium-based technologies by other major industrial nations.

Rather than "setting a good example" as it was intended to do, this negative attitude toward nuclear power was seen by some of our friends as a challenge to their desire for energy independence. Thereby it reduced our influence in the international nuclear arena and eroded trust in the United States as a reliable nuclear supplier.

The enactment of the Nuclear Non-Proliferation Act during the Carter Administration represented a serious effort to promote a more stringent and uniform set of international standards for nuclear exports. At the same time, however, it precluded us from carrying out certain supply contracts and agreements to cooperate in the nuclear area, thus impairing our ability to provide incentives for countries to act in ways consistent with nonproliferation goals. As a result, we were less able to win the support of those nations on critical supply, safeguards, and other nonproliferation issues.

Reagan Administration Policies and Achievements

President Reagan, therefore, shaped an approach that was designed to facilitate cooperation with our allies and friends and to ensure us an effective leadership role in international nuclear affairs.

quired to apply adequate safeguards. Under our Program of Technical Assistance to IAEA Safeguards, we continue to contribute importantly to this effort.

In a major arms control speech last year, President Reagan called upon all nuclear suppliers to require recipient states to accept comprehensive safeguards on all their nuclear activities as a condition for any significant new nuclear supply commitments. Over the past 3 years we have worked through diplomatic channels to develop a favorable supplier consensus on this issue.

It was, for example, one of the topics discussed at the meeting of nuclear suppliers held earlier this year in Luxembourg. The nations represented there agreed that adoption of comprehensive safeguards remains a highly desirable nonproliferation goal. We are seeking to build on the Luxembourg results by examining concrete ways of persuading additional consumer states to accept comprehensive safeguards. As we pursue our dialogue with emerging suppliers, we will work to assure that they, too, come to understand and adopt the nonproliferation ethic that traditional suppliers have developed over the past quarter century.

Sharing Benefits With the Developing World. In our efforts to develop the atom for peaceful purposes—from medicine to nuclear power—we have not ignored the legitimate needs of those technologically less advanced nations that wish to share in the peaceful benefits of the atom. We will continue to ensure, bilaterally and through the IAEA, that those benefits are made available on a reliable basis to nations that have good nonproliferation credentials.

In East Asia and Latin America, the IAEA has recently sponsored initiatives to promote enhanced cooperation in nuclear research, development, and training. We support such regional initiatives and are examining the feasibility of broadening the Latin American effort to involve other nations of the Western Hemisphere, including the United States.

NPT Review Conference. Over the past several years, we have worked to strengthen the treaty that is at the heart of the international nonproliferation regime. Ten new countries have been persuaded to join in the last 4 years, making the Non-Proliferation Treaty, with 125 parties, the most widely adhered-to arms control agreement in history.

Preparations are now well underway for the 1985 conference to review the implementation of the NPT. For our part, we will work with all countries for a successful review conference in 1985. Indeed, we welcome a full debate, which, I am sure, will not overlook the treaty's critical contribution to international security and global peace.

The Continuing Priority of Preventing Proliferation

It is no exaggeration to say that controlling the spread of nuclear weapons is critical to world peace and, indeed, to human survival. It is a cause that deserves and receives a top priority in our foreign policy.

But as fateful as the stakes are, our efforts have not been widely noted. For the struggle we are waging is not on the battlefield. It goes on in the quiet of diplomatic chanceries, at meetings of technical experts, and in safeguards laboratories. Success is measured not in terms of territory liberated or new allies gained but rather in terms of confidence established, restraints voluntarily accepted, and destabilizing military options forgone.

By those measures, our nonproliferation policy has been a success. We have reestablished a spirit of confidence, both with other nuclear suppliers and with those customers of nuclear technology who share our nonproliferation goals; we have deepened our dialogues on practical cooperation; we have successfully encouraged some important countries to adopt new antiproliferation measures; and we have made significant progress toward the conclusion of new bilateral agreements that will further strengthen the international nonproliferation regime.

But these accomplishments, important as they are, must not lull us into complacency. Thus far, we have proven wrong the prophets of unchecked nuclear proliferation. But only with determination, realism, and unflagging effort can we continue to belie their gloomy prophecy and to ensure that the potential of the atom will be exploited not to threaten civilization but to serve it. ■

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